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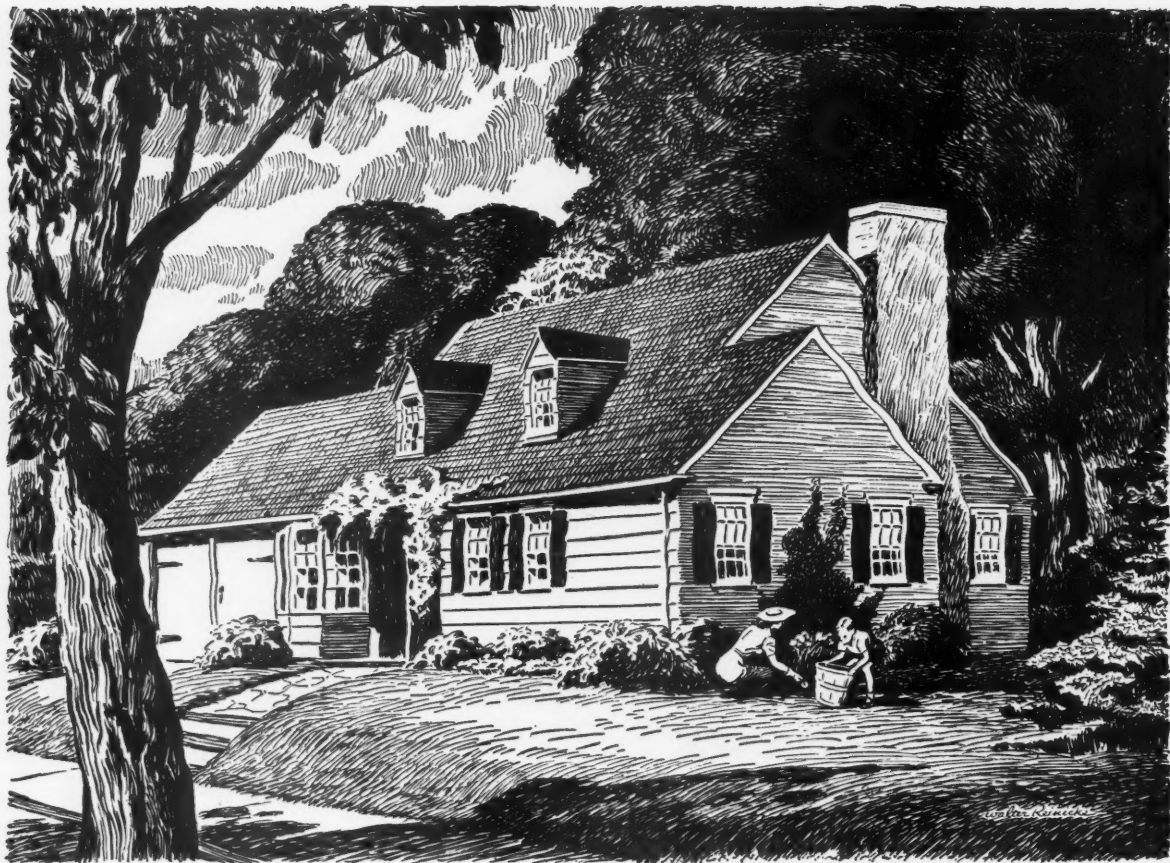
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*The British Loan and American World Trade 5 Financial Aids
in Restoring Peacetime Business The Monetary Future of Gold*

May 46



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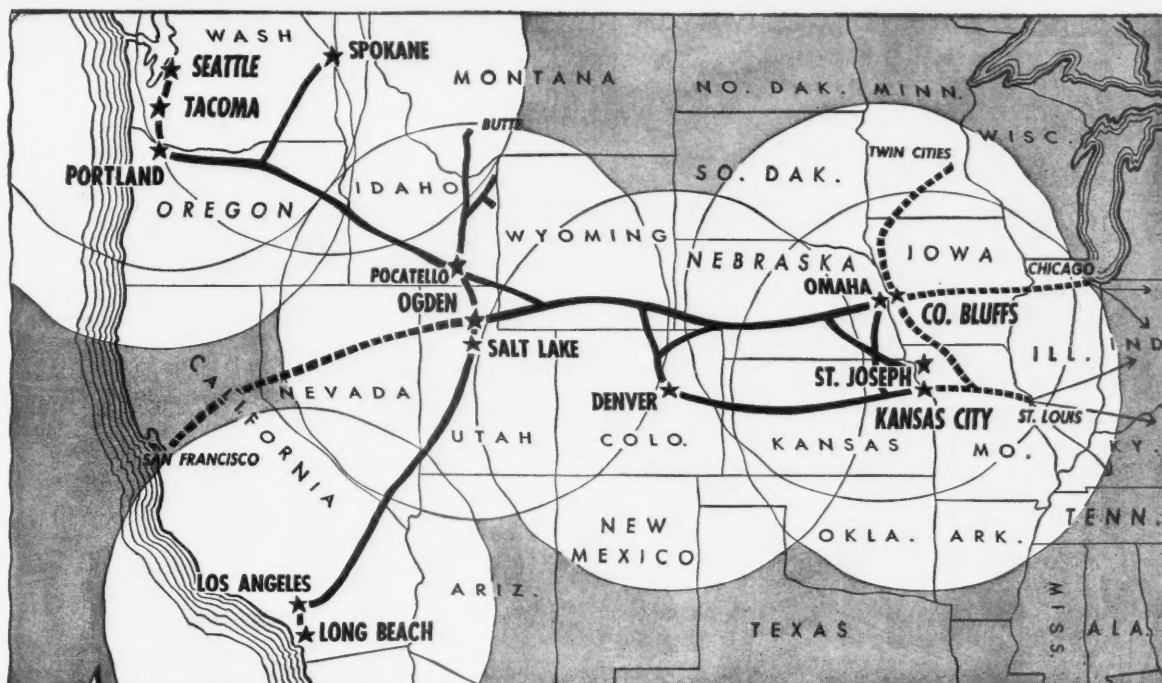


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St. Joseph, Mo.	Seattle, Wash.
Kansas City, Mo.-Kans.	Tacoma, Wash.
(Fairfax District)	Spokane, Wash.
Denver, Colo.	Los Angeles, Cal.
Salt Lake City, Utah	Long Beach, Cal.

As the map shows, all these cities are located on the main lines of the Union Pacific Railroad.

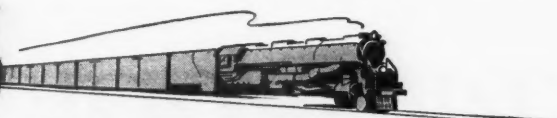
The circles on the map indicate 500-mile distribution areas. In normal times, Union Pacific operates a fast, merchandise freight (L. C. L.) service within these short-haul areas, with door-to-door pick up and delivery service.

These industrial properties are improved and occupied by many diversified manufacturing and commercial enterprises.

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You are cordially invited to write W. H. HULSIZER, General Manager of Properties, Union Pacific Railroad, Omaha 2, Nebraska, regarding industrial districts in territory served by Union Pacific.

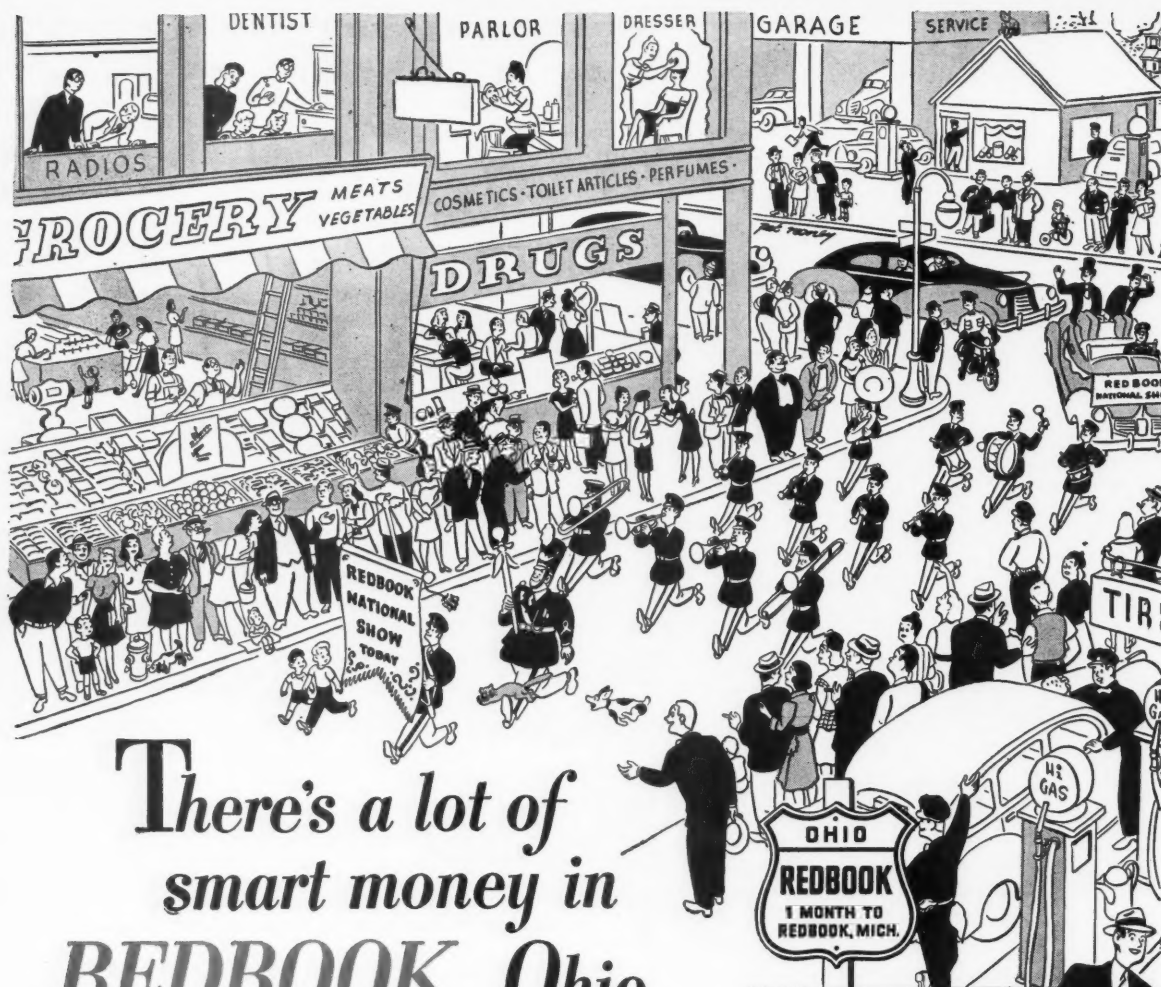
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The Progressive

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THEY LIVE.
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PRODUCTS BEARING THE U·S·S LABEL HAVE A DEFINITE SALES ADVANTAGE

THE sales value of any trade-mark is only as great as the recognition and preference awarded that trade-mark by the buying public.

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This acceptance of the Label has resulted from the most extensive sales and promotion program ever put behind a trade-mark in the steel industry, and from consistent advertising of the Label, over a period of years, in the nation's most widely read periodicals.

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A good place to live is a good place to work!

To look out of your office or factory window—and see green fields and wooded mountains! To step directly from work—to clean country air, health-giving sport, the kind of community you want to bring your family up in.

What man—whether executive or worker—wouldn't prefer to work in a place where he can really live, too?

Take Antrim, New Hampshire, for instance, where the Goodell Company has been producing quality cutlery for 71 years. From local and South American markets raw materials are brought to them over Boston and Maine lines—go forth as finished products for world-wide distribution.

Their strategic location near foreign and domestic markets is important. So is their access to excellent power, water and modern transportation. But *most*

important is the fact that like all communities in Northern New England this town is "a good place to live", a town where a majority of the workers own their own homes, where all play a real part in the life of the community.

In today's competitive market, "weigh the scales" in *your* favor by locating your new plant in this region famous for generations for a *settled* and skilled laboring population.

For available sites, write your requirements to: E. F. Reed, Manager, Industrial Department, Boston and Maine Railroad, Boston 14, Massachusetts.



TAKING THE BLUES OUT OF BLUEPRINTS!

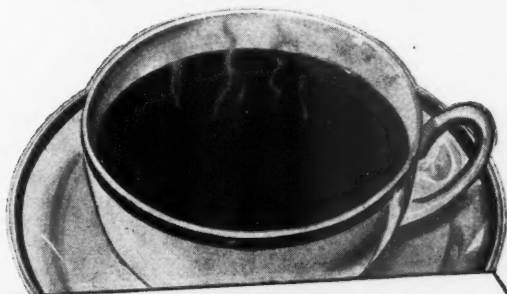


1. Slowdowns, bottlenecks, "reconversion blues" — your desk piled high with headaches, and head bulging with worries.



3. And what it does for you, it does for everyone else in the plant. Coffee is everybody's favorite! Just watch people brighten up... whenever the coffee wagon comes 'round!

**COFFEE AT-THE-JOB IMPROVES
MORALE ... STEPS UP EFFICIENCY!**



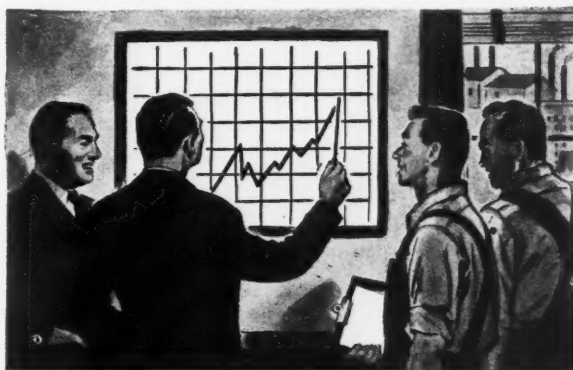
COFFEE

The Friendly Drink... from Good Neighbors

HAVE ANOTHER CUP!



2. But wait — here's help! What a wonderful aroma — it's coffee, ready to build up your morale, sharpen your reactions, brighten up your brain — *Give you ideas!*



It's a proven fact—coffee does it every time. A recent nationwide survey on coffee in relation to in-plant feeding made by independent research organizations furnishes conclusive proof that coffee served on-the-job steps up production, raises efficiency, improves morale. The report of this survey is available to management. It's packed with facts not only about the results of in-plant feeding but is a mine of useful knowledge on successful procedures. A copy is yours for the asking. Just write on your letterhead.

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THE NATIONAL COFFEE ASSOCIATION



EL PASO, TEX., FROM SCENIC DRIVE—GLOGERIS PHOTOGRAPH



This Month's Cover

EL PASO, TEXAS

Magnolia Tree in Blossom - - -	Frontispiece
The British Loan and American World Trade -	11
Merits of the British Loan; what American business will gain from it; the loan as a step in removing world trade barriers	
W. L. CLAYTON <i>Assistant Secretary, Department of State</i>	
Five Financial Aids in Restoring Peacetime Business - - - - -	16
Current aids in financing reconversion, including tax refunds and other reliefs provided by the 1942 and 1945 Revenue Acts	
S. H. APFEL <i>Partner, Apfel & Gamso</i>	
The Monetary Future of Gold - - - - -	21
The rôle which gold will play in stabilizing currency systems under the plan established by the International Monetary Fund	
CHARLES O. HARDY <i>Vice-President, Federal Reserve Bank of Kansas City</i>	
The Trend of Business - - - - -	25
Consumer Spending Reaches New High - - -	29
Linotype, <i>A Poem</i> - - - - -	32
A. M. SULLIVAN <i>Associate Editor, DUN'S REVIEW</i>	
Here and There in Business - - - - -	34

El Paso, located on the Rio Grande along the Mexican border in the far western corner of Texas, is a wholesale distribution and cattle center with the smelting of copper and lead ores as its major industry. Due to its high altitude and dry climate it is an important health resort.

The community likewise is closely connected with the Rio Grande reclamation project. During 1940, crops in the valley were valued at \$10,000,000, of which cotton comprised about two-thirds. El Paso also is the commercial center of a large mining, grazing, and lumbering region.

Copper and lead ores from Mexico, New Mexico, and Arizona are smelted in one of the largest custom smelters in the world. Other industries are oil refining, cotton gins, meat packing plants, car shops, and the manufacture of bricks, cement, flour, cotton seed products, and clothing.

The city, with a 1940 population of 96,810, had 1,361 retail stores in 1939 with sales of \$39,115,000; 545 service establishments whose receipts totalled \$2,902,000; and 231 wholesalers, with receipts of \$48,776,000.

The city on the Mexican side of the Rio Grande, now known as Juárez and formerly called El Paso, was settled as early as 1659 but apparently no permanent white settlement was made on the American side until after the Mexican War of 1846-1848. The cover print, from the Phelps Stokes Collection, New York Public Library, shows El Paso in 1852-1853.

**It Costs \$3.90
to store THESE Crates**

LABOR	—Two Men, 35 Minutes	\$1.40
SPACE	—50 Square Feet	2.50
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86¢ for THESE

LABOR	—Two Men, 9 Minutes	\$.36
SPACE	—10 Square Feet50
		\$.86

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Note how the elevator makes full use of air space, leaves floor space clear for productive work. See the saving in heat, light, maintenance. This is the kind of storage which may even save the cost of a new building!

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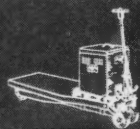
Write today for your free copy of the Barrett Junior Catalog. It's filled with handling tips to save money for you.



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ONE MAN DOES MORE THAN 3 OR 4 . . . WITH A BARRETT

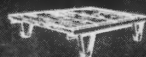
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HOUSES OF PARLIAMENT, LONDON—DAUBER PHOTOGRAPH FROM CUSHING

WHY is the loan necessary both for America and for Britain? Why is it essential in overcoming war-created obstacles to the financing of foreign trade? Against what developments does it safeguard each country? This article is one of a series presenting diversified viewpoints arising from conflicting convictions upon subjects of unusual importance to business.

The British Loan AND AMERICAN FOREIGN TRADE

W. L. CLAYTON

Assistant Secretary, Department of State

"THE duration," somebody has said, "is longer than the war." If you doubt the truth of that witty remark, look about you. A large part of everyone's effort these days, and particularly the effort of governments, goes into altering war-born conditions to make them suit the need of peace.

The American loan to Britain fits that pattern. It has two aspects. It helps

Britain to regain economic strength lost in the war, and it provides the basic conditions for British co-operation with the United States in building the kind of world economy both nations want. Put another way, the aim of the loan can be explained by answering two popular questions: "Why does Britain need the money?" and, "What do we get out of it?"

The "loan" itself is a line of credit for \$3,750,000,000 on which the British can draw for five years. After that they will start repayment in 50 equal annual installments at 2 per cent interest. On the same terms we have advanced them another \$650,000,000 to cover their final obligations to us on lend-lease and surplus property account.

The major considerations determin-

ing the amount of the credit can be seen from a review of the principal changes in the British balance of payments that have taken place during the war and the foreseeable requirements of the future.

Foreign trade, the principal item in any country's balance of payments, has been of great importance to the British economy for a long time. The character of that trade has been very clearly defined; for foreign trade purposes, Britain was essentially a factory. By far the greatest share of her exports were manufactured goods. Except for coal, the principal raw materials going into those products had to be imported. Food for the people of Britain is the other great import.

The effect of the war on this trade pattern was inevitable. The manufacturing capacity and labor that had formerly gone into production for export had to be shifted as much as possible into wartime production, the making of guns, munitions, planes, warships, and all the rest that Britain needed so vitally. A very high degree of mobilization was achieved. As a result, the volume of British commercial exports fell 70 per cent from 1938 to 1944. Thanks to price rises, the decline in value was only 50 per cent. Put another way, in 1942, 1943, and 1944 combined, Britain exported less than in 1938 alone.

Restoring Export Trade

Before the war started, in the middle of 1939, 1,300,000 British workers were engaged in direct export industries. By the middle of 1945, when the war was almost at an end, that figure had fallen to 400,000, even though the total labor force (including the armed services) had increased by 1,700,000.

These few figures make clear the tremendous job the British face in restoring their export trade. It is a reconversion problem of peculiar urgency for them. Not only must they regain their pre-war export levels, but, for reasons I shall go into in a moment, they must surpass those levels by 50 to

75 per cent to attain a self-sustaining basis in their international accounts. That cannot be done in a few short months, no matter how great the will and the effort.

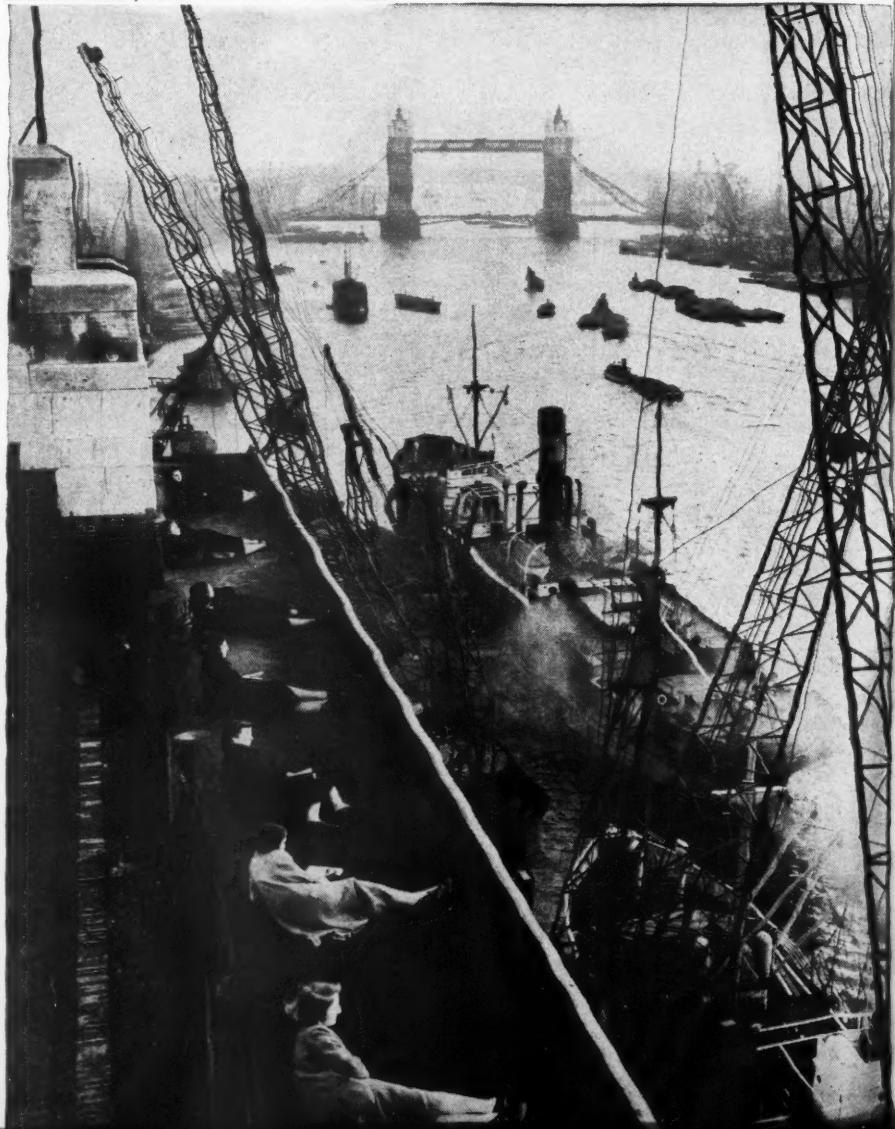
In addition, the British have reconstruction problems. Many factories have suffered bomb damage. Much of the machinery has deteriorated more rapidly than normally in the strenuous conditions of wartime. There is need for drastic modernization in some sectors of industry. Special problems trouble the British in some important sectors of their economy, most notably coal, which is of major importance to their export position.

The fall in British exports has not been accompanied by an equivalent drop in imports. That is in the nature of the case. Manufacture for war required even greater imports of raw materials than had manufacture for ex-

port. Despite drastic cuts in living standards, going far beyond anything experienced in the United States, and despite increased domestic farm production, large quantities of foodstuffs also had to be imported. In 1944, British imports were 20 per cent smaller in volume than in 1938, but, as the result of price rises, they cost over 50 per cent more than in the pre-war year.

Even if the British continue to restrain consumption (at a time when the United States is rapidly moving toward pre-war plenty in the few fields where our consumption has been restricted) they will need a large volume of imports in the coming years. We must remember that every ton of manufactured goods exported by the United Kingdom contains a certain quantity of imported raw materials. British reconstruction will also entail the importation of machinery and other

SHIPPING ON THAMES, LONDON—BRITISH COMBINE PHOTOGRAPH



Lunching in the Springtime by the Tower of London these girls watch shipping on the Thames, bringing to London cargoes from all parts of the world. Trade is Britain's lifeline—imports of food and of raw materials are paid for by exports of manufactured goods and of services.



HARRIS E. EWING PHOTOGRAPH

W. L. CLAYTON

ASSISTANT Secretary of State

William L. Clayton achieved fame as the foremost cotton merchant in the world while he was heading the firm of Anderson, Clayton & Company, Houston, Tex.,—cotton factoring firm which he organized in 1904. It was early in 1944 that Mr. Clayton became Surplus Property Administrator. He retired late that year to become Assistant Secretary of State in charge of foreign economic affairs. In 1940 he was Deputy Administrator of the Federal Loan Agency and became Assistant Secretary of Commerce in 1942.

capital goods. So the effort to expand exports will itself require larger imports.

In pre-war years Britain normally imported considerably more merchandise than she exported. The war increased the discrepancy. On the average in 1936 to 1938, British imports exceeded exports by 388,000,000 pounds per year; for the years 1942 to 1944 decreased exports and increased imports of vital raw materials raised the average to 918,000,000 pounds. Meeting the added burden put a considerable strain on the financial resources available to the British.

During the war they went into debt to some countries and reduced their overseas investments by an estimated \$4,500,000,000, including \$800,000,000 worth of assets in the United States. The loss of future income on this sum is of considerable importance in the British balance of payments. This all means that hereafter the British factory will have to work harder and produce more exports to pay for imports. But, it will require a little time and immediate heavy expenditures abroad simply to start industry up again. Britain accordingly needs foreign financial aid to tide her over this critical time. To pro-

vide it is the main function of the loan.

To a much greater extent than most countries, Britain has for many decades paid for imports with foreign exchange received to a large degree, not from the export of goods, but from the export of services and as interest or dividends on foreign investments. The war has reduced Britain's earning position with regard to these items.

Rebuild Merchant Fleet

As we all know, the British merchant fleet has lost heavily in tonnage during the war. By arrangement between the two countries, Britain devoted its chief efforts to building naval vessels while the United States expanded its capacity to build enough merchant tonnage to meet the wartime needs of both countries. It will be several years, at best, before England again has as much new, efficient merchant tonnage on the seas as in pre-war years. And the competition is going to be heavier. In other fields of invisible exports the future is unclear. For instance, the war has considerably deranged world insurance activities on which Britain relied for income.

Some critics of the loan make much of the fact that Britain still has some

foreign investments, that she has not been stripped entirely of her assets, in the United States and elsewhere. The argument seems to be that because England has realizable assets she does not need a loan from the United States and that something is being put over on us. Such contentions completely miss the point of the loan. Should the British now sell their remaining overseas assets, they would enhance their immediate position, but only at great future cost. The balance of payments deficit for the next years would be covered, but that of the future greatly increased; exports would have to be expanded by much more than the 50 to 75 per cent now estimated.

In other words, the existing overseas assets of the British were taken into account in making this loan. If they were liquidated, a much larger loan would be needed to achieve the purposes of this one. Such criticisms are red herrings that distract attention from the true purpose of the loan. Look at it in business terms. A banker prizes the earning assets of his debtor, he does not demand that he liquidate them as a condition of borrowing.

There remains one item in the British balance of payments which is of great



BANK OF ENGLAND (TOP) AND ITS BULLION OFFICE (BELOW)—BRITISH COMBINE PHOTOGRAPHS



importance to understanding the purpose of this loan: Britain's foreign liabilities. Naturally any country as heavily engaged in world trade and finance as Britain always has sizable liabilities to other countries, even if it is a large net creditor.

On August 31, 1939, the day before Hitler invaded Poland, Britain's foreign liabilities were in the neighborhood of \$2,000,000,000. By June 1945, when the war was nearing its end, they were over \$13,500,000,000. For the most part the increase is in the form of blocked sterling balances belonging to countries which sold goods to Britain on credit during the war, particularly Empire countries and, outstanding among these, India.

In the absence of the loan from the United States there is no doubt that the British Government would have felt itself forced to negotiate with its creditors to provide that the liquidation of these balances largely took the form of British exports to the creditor countries. This would have been a kind of bilateral trading arrangement of the sort we are trying to get away from. It would have been an undoubted disadvantage to American exporters since the creditors would have been denied freedom of choice between countries in making use of these balances.

Equal Competition Assured

However, the financial agreement contains detailed provisions regarding the handling of these balances. In the agreement the British Government states its intention to negotiate at an early date with the governments holding blocked balances. These sums will be divided into three parts. One will be written off, by agreement, as a contribution to the war on the part of the creditors. The second part will be composed of sums to be released at once, and the third those to be released by installments over a period of years beginning in 1951. The key provision is that all sums released shall "be freely available for current transactions in any

The Bank of England (upper left) in handling funds received from the American loan to Britain will have an important part in the rehabilitation of the latter's industry and commerce. The Bank's gold reserve is stored in bar form in the Bank's bullion office (lower left).

currency area without discrimination."

By means of this provision, free consumer choice will be assured the holders of these balances and thus American producers and exporters will be put on an equal competitive footing with their British rivals. We must realize, however, that these arrangements for the release of blocked sterling add to the British requirements for foreign exchange and so enter into the balance of payments problem of the United Kingdom.

These are sufficient facts to show why a loan is needed, on terms similar to those we have offered. In essence, the position is that the British need large imports, both for current consumption and the rehabilitation of their industries, at a time when they are very short of foreign exchange. Without a loan they would either have to hold down imports and so delay the resumption of their full earning power or else aggravate their future payments problems by realizing on investments to pay for current imports. Neither would contribute to the kind of economic world the United States hopes to see established. The loan avoids this dilemma.

The low rate of interest and long term of the loan are consistent with the fact that Britain will continue to have a tight balance of payments position for some time to come. The delay of five years before amortization or interest begin is only common sense, since the purpose of the loan is to tide the British over this critical period.

Finally, the provision for a waiver of interest in years when British exports and foreign income are not sufficient to pay for imports at the 1936-1938 level is a very sound innovation. Fixed financial obligations in times of fluctuating commercial conditions led to some of the troubles of the thirties. While we fully expect the British loan to be repaid, it is only realistic to understand that in view of the great problem the British face in getting their foreign transactions in a new balance, there may be times when, as a result of bad conditions of world trade, they are not earning enough to pay the interest on the debt. It would be foolish for the United States to try to collect under such circumstances. The waiver provision recognizes this ahead of time, and reduces the risks of frictions between friends that international eco-

nomie relations are likely to engender in bad times.

That answers the question, "Why do the British need a loan?" Now, "What do we get out of it?"

First of all, the loan will give the world's economic machine quite a shove. Right now, as we all know, that machine is moving somewhat slowly and erratically in most of its parts, and some are stalled altogether. That is only natural when you try to change a tank into a tractor overnight. The sooner the international economy gets into smooth working order the better off we all are. Britain occupies a key position in world trade and finance, and by contributing to the resumption of British economic activity the loan will do more to start up world trade than any single transaction I can think of.

American Trade Will Benefit

United States trade will benefit directly and immediately from British recovery. Much of what the British need, foodstuffs, capital goods, and raw materials, will be bought in the United States against this credit. We are not tying any strings to the loan. The British can use the dollars wherever they think best (except to pay off other debts). That is the quickest way for them to get on the road to recovery, and so to our own best interest. Even if they spend the money elsewhere, it is likely to turn up soon in the form of demand for American goods. Everybody wants United States products and dollars are short, so that dollars that go out into the world are not likely to stay idle for long.

There are also specific provisions of the financial agreement that represent concrete gains for American trade.

The sterling area dollar pool will be abolished within a year after the agreement becomes effective. In order to make the most efficient use of dollar resources during the war, the United Kingdom, the remaining countries of the British Empire, except for Canada,

(Continued on page 70)

The world demand for cotton goods and other textiles and Britain's necessity for maximum exports have accelerated production in the Lancashire cotton mills. The increased opportunities in the mills are attracting young people, one of whom, aged 15, is being instructed by a veteran worker.

TALBOT SPINNING AND WEAVING MILLS, CHORLEY, LANCASHIRE, ENGLAND—BRITISH COMBINE PHOTOGRAPH





TEMPERING STEEL—CARL W. PHOTOGRAPH FROM MONSIEUR

Five Financial Aids IN RESTORING PEACETIME BUSINESS

S. H. APFEL

Partner, Apfel & Gamso

BESIDE remaking production facilities, reconversion often includes redeveloping old customers, finding new markets, adding new products, training salesmen, and rebuilding the many related facilitating activities to meet the new situation. It is worthwhile to be informed about tax provisions that aid in financing reconversion.

THE term "reconversion" connotes the change-over of business from a wartime to a peacetime basis. In one form or another, every business is today faced with "reconversion" problems, that is, problems arising out of the end of the war and the return of peace.

One business may have been manufacturing tanks and must now go back to making autos. Another business may not be able to go back to its pre-war product, and will have to seek a new one. A third business may wish to go back to its pre-war product, but may also foresee the necessity of adding others. The "war babies" who never

existed in peacetime will have endless reconversion problems, including the search for a product. Some businesses may not have "product" difficulties at all, but rather the problem of redeveloping their old customers because the United States Government has been their only customer for several years. Again, some businesses may need new markets, and perhaps also a sales force to develop their new markets.

All these typical reconversion problems involve considerable expenditures of money. The Federal tax laws, by aiding liquidity, enable a business to have at hand the money required to cope with reconversion difficulties. Ac-

tually, the tax laws provide several ways of improving liquidity. These are:

1. Permitting reconversion costs as tax offsets.

2. Quick satisfaction of refund claims based on (a) operating loss carry-back and carry-forward; (b) unused excess profits credit carry-back and carry-forward.

3. Post-war refund credit (a) entirely eliminated; (b) deducted from current payments; (c) made "demand notes" after January 1, 1946.

4. Anticipated refund claims based on (a) losses expected in the current year; (b) unused excess profits credit carry-back and carry-forward.

5. Quick satisfaction of refund claims due to accelerated amortization of emergency facilities.

Therefore, a thorough understanding of these features of the tax law may be of immeasurable aid to business. If taxpayers and tax advisors are alert, they may be able to secure many of

these benefits as well as the benefits of the relief provisions which Congress has made available to them through the second Revenue Act of 1940, the Revenue Act of 1942, and the acceleration of cash refunds under the 1945 Tax Adjustment Act.

Reconversion Costs

The first way in which the tax law aids a business to remain liquid is by permitting it to deduct its reconversion costs for tax purposes, that is, as a tax offset. The effect is to permit such expenses to be paid out of current profits, without any tax liability being incurred with respect to the amount involved. Among various reconversion costs which are fully deductible for tax purposes are:

1. Costs of planning and research in determining what products to manufacture, how best to manufacture them, their most receptive markets, and how best to market them.

2. Costs of instructing employees in their post-war jobs and in how to perform their duties most efficiently. Costs of developing a new sales force or of training the old group in post-war operations. This will be important where new activities are involved and where different machines are being used, especially where the employees' functions have changed.

3. Employee bonuses to compensate them for services and fidelity during the difficult war period, and thus to encourage their renewed and unstinted efforts in peacetime. Also, bonuses to employees who have just returned from the Armed Forces. The bonus may take the form of an outright payment or the purchase of a retirement annuity.

4. Costs of developing old and new markets, contacting customers, learning their needs, and selling the products to be manufactured.

5. Advertising expenditures to promote the business, and its new product, and creating good-will for the company.

6. Costs of assets which have outlived their usefulness with the end of the war and the termination of war contracts. Such assets as machinery, patents, other plant or office equipment, useless or excess inventory, and even undeveloped patents which are doomed to failure, should be immediately abandoned or scrapped in order to get the tax deduction and the indirect return of the investment which they represent. As will be shown later, "emergency facilities" may be written off over the period of the emergency even though they continue to be used.

7. All machinery and plant equipment should be reexamined to determine whether depreciation is being taken at an adequate rate. Because of abnormal war conditions, the remaining life of machines may be much less than originally anticipated. If such equipment is not to be abandoned, it may be depreciable at a higher rate for tax purposes. Business should consider taking advantage of the five-year depreciation stabilization plan announced by the Treasury Department in the Summer of 1945.

ALL EQUIPMENT, THE AUTHOR POINTS OUT, SHOULD BE EXAMINED TO DETERMINE WHETHER DEPRECIATION IS BEING TAKEN AT AN ADEQUATE RATE.

RAILROAD FLOAT BARGE AT NEW JERSEY TERMINAL—HOBART PHOTOGRAPH FROM MONKMEYER





CAREW PHOTOGRAPH FROM MONKMEYER

8. Cost of rearranging or moving plant or office facilities to conform with post-war plans of operation, as well as the cost of all repairs necessary to keep equipment in perfect operating condition so as to assure utmost efficiency in production. Now is the best time to do all the maintenance work that may have been neglected during the war years because of the inadequate supply of labor, repair materials, and replacement parts. The cost of repainting the plant, retooling it, replacing worn out parts wherever possible, and generally tightening all the loose ends for precise future operations are all deductible for Federal income tax purposes.

9. Costs to terminate undesirable contracts entered into before the end of the war when it might interfere with progress in developing the peacetime program. For example, you may have decided to manufacture a new product, yet you may be under contract to turn out more of your old product, or to purchase the material and

equipment which are needed for its manufacture. If you are to get a rapid start in the post-war field, it may be wise to cancel the old contracts and pay damages. You get your money back via a tax deduction. Or, you may decide that your present location is inadequate for your post-war operations, but you may be bound by a lease on the premises. It might be advisable to terminate the lease and pay the cost to the landlord-lessor, and then deduct that amount for tax purposes.

10. Costs to settle contractual or other liabilities or claims which may be hanging over the business and which may affect its progress by interfering with its credit position, or by making it difficult to determine just how much cash to set aside as a reserve against these contingent liabilities, or by directing the thoughts of management away from the all-important reconversion problems. For example, there may be lawsuits or claims pending for breach of contract, breach of warranty, unfair

THE COST OF RETOOLING A PLANT AND REPLACING WORN OUT PARTS WHEREVER POSSIBLE ARE DEDUCTIBLE FOR FEDERAL INCOME TAX PURPOSES.

competition, and injuries to employees or outsiders. These claims may all have arisen out of war period operations. The cost of settling them is deductible for tax purposes, and is borne by the Government. Since such a settlement may be essential to the business if it is to get on with its reconversion plans, it should bend over backwards to effect settlements in those cases. Similarly, a company should get rid of outstanding tax claims which are deductible in nature, such as the various excise taxes which enter into the cost of production or into the cost of other operations.

Many of the reconversion costs which are deductible for tax purposes have been mentioned. But proper business acumen will guide resourceful management in applying these broad categories of deductible costs to their specific needs. By permitting such deductions the Government allows business to remain liquid. It does not try to collect taxes on earnings which are being ploughed back into reconversion operations. Although this is a negative form of grant, the recognition of the extent to which taxes are with us today makes the tax deduction the equivalent of a direct cash subsidy and actually it improves the company's cash position.

Carry-back and Carry-forward

But what happens if these reconversion costs are incurred in loss years? Since there are no taxable profits, these costs are not paid out of earnings and their deductibility does not effect any tax savings. This would impair the cash position. In such instances, however, relief is obtained through net operating loss carry-back and carry-forward provisions of the Revenue Act of 1942.

The effect of these provisions is to treat the amount of the loss, which for the present purposes is the amount of reconversion costs that was not paid out of earnings and results in no tax benefit, as being incurred in the two prior years and in the two succeeding years. The loss is first carried back to the second preceding year and permit-

ted to reduce net profits of that year, and the taxpayer may recompute his tax liability for that year on that basis. He will find that he has overpaid taxes and is entitled to a refund of the difference. If the loss exceeds the taxable profits of the second preceding year, the balance may be carried to the first preceding year and applied the same way. Any loss balance that still remains may then be carried to the first succeeding year and, if necessary, to the second succeeding year. In this way reconversion costs which are not paid out of earnings of the year in which they are incurred are, for tax purposes, paid for out of the earnings of the two prior and two succeeding years.

Quick Refund Claims

The taxpayer may properly ask the question, however, "Even though reconversion costs are carried backward for tax purposes, and have been out of the earnings of prior years, how is the taxpayer's cash position improved when it has already paid the tax on the prior year's earnings?" All it then has is a claim for refund, which is not the equivalent of cash in a going business! Congress recognized this problem and provided a "quick refund claim" in the Tax Adjustment Act of 1945.

What is a "quick refund claim?" It is a special claim which must be acted upon by the Commissioner within 90 days and without making an audit. This is to be distinguished from the more prolonged procedure of the "ordinary" claim for refund. If the application is in the proper form, a "quick refund" will be made by the Commissioner. Although this is not a final disposition of the matter, this provision does have the effect of getting needed cash to the taxpayer quickly.

Post-war Refund Credit

This brings us to the next way in which the tax law improves the liquid condition of business. As indicated previously, the Tax Adjustment Act of 1945 contains many provisions by

which cash becomes quickly available to a business for meeting its costs of reconversion.

"Demand Notes"

The first provision of the Tax Adjustment Act of 1945 to improve the liquidity of corporations dealt with the post-war refund credit in the excess profits tax law. In the Revenue Act of 1942, because of the very high excess profits tax rates, Congress provided for a post-war refund of 10 per cent of the excess profits tax paid for 1942 and subsequent years. This liability of the Government was evidenced by a non-interest bearing bond which was non-assignable and non-negotiable in character, and the use of the cash in the bond was for the time lost to the taxpayer.

In the Tax Adjustment Act of 1945, Congress provided that with respect to the excess profits tax liabilities of 1944 and subsequent years, taxpayers could deduct the 10 per cent post-war refund credit immediately and pay the Government only the balance. They no longer had to take the special bonds, of a non-cash nature, to evidence this indebtedness of the Government. That is to say, they no longer had to lend the Government the amounts in question.

But Congress went even further than that. There were still outstanding the bonds already issued for evidence, the post-war refund credits to which tax-

payers were entitled for the years 1942 and 1943. Congress declared that these bonds also were payable at the option of their owners on or after January 1, 1946. This makes them demand notes at that time, since taxpayers will then be able to cash in their post-war refund credit bonds and improve their liquidity.

Anticipated Refund Claims

The next significant provision in the Tax Adjustment Act of 1945, related to the carry-back provisions in the tax law. There are now two such carry-back provisions under the Revenue Act of 1942. One is the net operating loss carry-back. The other is the unused excess profits credit carry-back.

The net operating loss carry-back provision arose, as already stated, out of the desire of Congress to take care of situations where the profits of one year were dissipated by losses in subsequent years. Taxpayers are permitted to charge the losses of one year against the profits of another year, and only taxed the difference. That is, if a business makes a profit of \$100,000 in one year and loses \$100,000 the next year, the end result is an even break. In such cases, Congress considered it inequitable to tax the \$100,000 profit while making no allowances for the \$100,000 loss. So it enacted the net operating loss carry-back, which provides that the loss of one year may be carried back to reduce the profits of

BROOKLYN BRIDGE—CAREW PHOTOGRAPH FROM MONKMEYER



MANY PLANTS IN MANHATTAN AND OTHER LARGE INDUSTRIAL AREAS WILL EXPEDITE RECONVERSION IF THEY TAKE ADVANTAGE OF AIDS PROVIDED IN THE TAX LAWS.

the two preceding years, first to the earlier year and any balance to the later year.

There is a further provision that if the loss of a particular year exceeds the total profits of the two preceding years, the balance may similarly be carried forward to the two next succeeding years. For example, if a corporation had a \$100,000 profit in 1943 and a \$100,000 profit in 1944, but a \$500,000 loss in 1945, the net loss could be carried back first to 1943 and then to 1944 to be charged against the profit of both those years and then if necessary, the loss balance of \$300,000 could similarly be carried forward to 1946 and then to 1947. Since taxes have been paid on the 1943 and 1944 profits, and since these profits have been eliminated by the 1945 loss, the corporation is entitled to a refund of the taxes.

The Tax Adjustment Act of 1945 helps to improve the cash position of taxpayers by permitting them to file a "quick refund claim." In fact, it goes much further than that. Under the Revenue Act of 1942, the tax for the year of the profits must be paid, even though losses might be expected or are actually sustained in later years. Recovery of the tax could be had only upon filing of a refund claim based on the carry-back and this could not be done until after the end of the year of the loss. This meant that if a profit was made in 1944, the taxes would have to be paid on such profit even though it was obvious to the taxpayer that he was going to have a loss in 1945.

Only after the end of 1945, when the loss was determined, could the taxpayer claim a refund of 1944 taxes based on the loss carry-back from 1945. Congress realized, however, that it is during the year of the loss when the taxpayer most needs the cash refund and that year will probably be during the "reconversion" period. So it provided, in the Tax Adjustment Act of 1945, that payment of the taxes of a profit year may be postponed when the taxpayer anticipates a loss the next year. The tax may be postponed only to the extent that the taxpayer may be entitled to a refund as the result of a loss which he reasonably expects to sustain in the ensuing year.

Thus, if the taxpayer is going to have a loss for 1946 he may get an extension of time for the payment of the 1945 taxes. The extension covers only the amount which does not exceed the refund. The taxpayer gets the extension by filing an application in which he sets forth the estimated amount of the loss, the reasons for expecting the loss, the amount of refund to which such a loss would entitle the taxpayer, and the amount of the tax payment sought to be extended. In this manner, during "reconversion," taxpayers can retain moneys which they would otherwise have to pay to the Government but which probably would be eventually returned to them.

Unused Excess Profits Credits

The same principle is applied by the Tax Adjustment Act of 1945 to the other carry-back, called the unused excess profits credit carry-back. Just as the income tax is imposed on "normal" profits, the excess profits tax tries to reach "war" profits. In determining what is "war" profits a standard of normal profits is used, called the excess profits credit.

The computation of this standard is generally complicated and an explanation of the technique of making the computation is not necessary for the purposes of this article. The excess of a corporation's profits over its standard of normal profits is considered "war" profits and is subject to excess profits tax. But Congress did not wish to subject to excess profits tax the "war" profits of one year which were dissipated by the failure to reach normal profits the next year.

For example, let us assume that the standard of normal profits (that is, the excess profits credit) of a certain corporation is \$100,000. In 1944 it earns \$100,000, in 1945 it earned \$150,000, but in 1946 its profit is only \$50,000. Over the three years the corporation's average profit is \$100,000, which equals its excess profits credit (standard of normal earnings).

Consequently, it should not have to pay any excess profits tax for those years. Here is how this result is accomplished by the excess profits tax law. It provides for a two year *unused* excess profits credit carry-back (and

carry-forward) and it is this carry-back with which we are now concerned. It operates in the same manner as the loss carry-back for "normal" tax purposes.

Referring to the above illustration, we see that in 1944 profits equalled the excess profits credit (the standard of normal earnings) so no excess profits tax had to be paid. In 1945, profits exceeded the excess profits credit by \$50,000, so excess profits tax had to be paid on the \$50,000 or war profits. But in 1946 profits are expected to fall below "normal" (the excess profits credit) by \$50,000 so that for excess profits tax purposes there will be \$50,000 of unused excess profits credit. This amount may first be carried back to 1944 (in which it is not needed) and then to 1945, as an addition to the excess profits tax credit for those years.

Thus in 1945 the corporation has an excess profits tax credit of \$150,000 (\$100,000 plus \$50,000 carried back from 1946). As a result, it is not liable to excess profits tax in 1945, since its total profits do not exceed \$150,000. Since it would already have paid the excess profits tax on \$50,000 for 1945, the corporation is entitled to a refund based on the carry-back.

To improve the cash position of corporations in reconversion, the Tax Adjustment Act of 1945 provides the same relief as in the case of the net operating loss carry-back. First, the right to apply for a "quick refund claim." Secondly, the right to postpone or extend the payment of its excess profits tax for one year on the basis of an anticipated unused excess profits credit (which will be available as a carry-back in the next year). The procedure for getting the extension is the same as that based on an anticipated operating loss carry-back.

Last Year for Tax Offsets

With respect to the unused excess profits credit carry-back, it is interesting to note by the enactment of the Revenue Act of 1945, known as the 1946 Tax Reduction Act, that Congress has repealed entirely the excess profits tax as of January 1, 1946. It is, however, permitting an unused excess profits credit carry-back from the year 1946. If

(Continued on page 54)



LEFT: SOUDBOUGH PANNING GOLD—RIGHT: ALASKA JUNEAU GOLD MINE—SAWDERS PHOTOGRAPHS FROM CUSHING

THE monetary rôle of gold under the old gold standard and the part that gold will continue to play in re-establishing and maintaining stable currencies in the post-war era, under the plan set up by the International Monetary Fund, are explained by Dr. Hardy.

THE MONETARY FUTURE OF

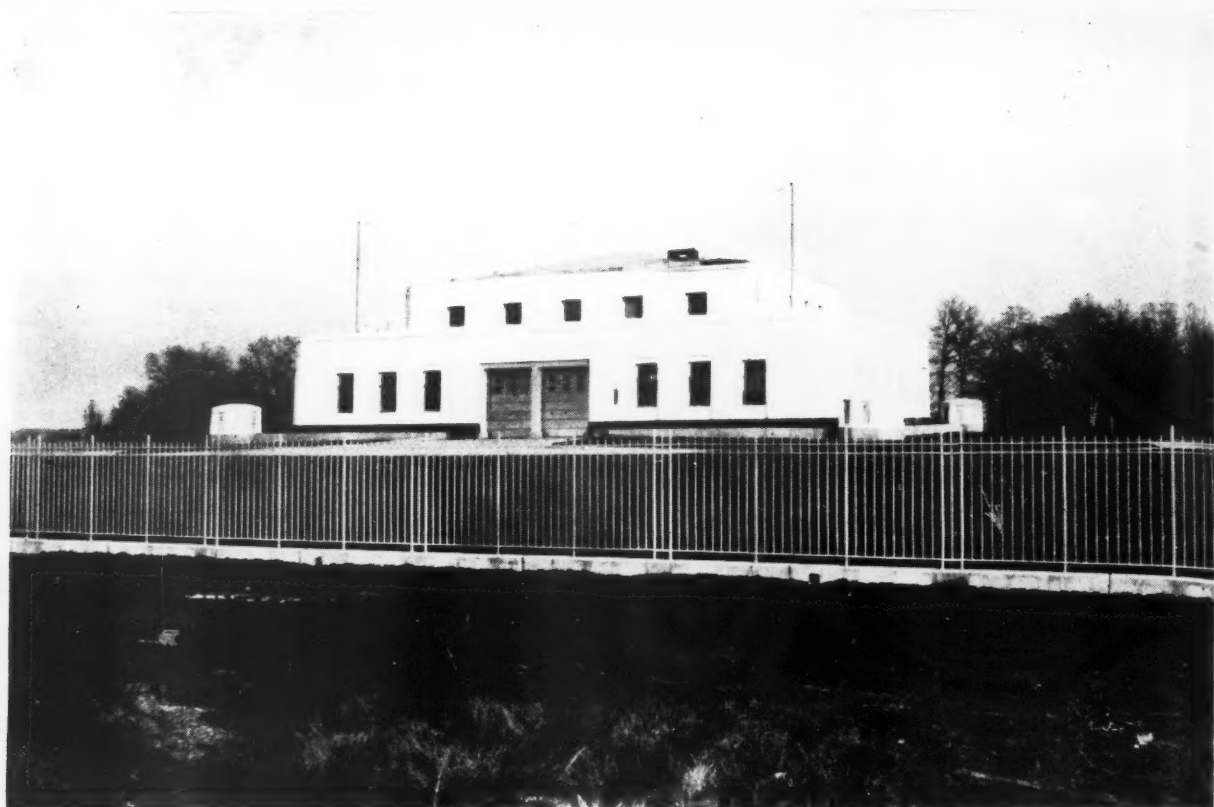
CHARLES O. HARDY
Vice-President, Federal Reserve Bank
Kansas City, Mo.

*T*HE Savannah Conference, completing the organization of the International Monetary Fund, raises anew the question as to what rôle gold will play in the post-war monetary systems of the world. The constitution of the Fund leaves this point somewhat vague, perhaps because the document had to be so drawn as to please people who differed widely from one another in their appraisals of the success of the gold standard between the two World

Wars. On this point British and American public opinion is far apart, although some of the difference is about words rather than institutions and practices.

In England the gold standard became very unpopular after 1925 because of the relatively depressed state of British industry that followed the restoration of gold redemption at the pre-war parity. The return to gold increased the value of the pound in

dollars about 10 per cent. As British costs of production did not fall correspondingly, this action did put British export industries at some disadvantage though it is difficult to believe that the difference between British and American or French prosperity in the late twenties rests on this factor to anything like the extent that is usually alleged. After all, in both countries, wages rose after 1925 and commodity prices fell, which does not look as though the mis-



GOLD STORAGE VAULTS, FORT KNOX, KY.—HARRIS & EWING PHOTOGRAPH

ake in parity adjustment made in 1925 continued to dominate the competition for exports throughout the twenties.

In any case, the collapse of the gold standard in the early thirties, following the distress of the twenties, made the restoration of a rigid gold standard in Britain psychologically impossible. The gold standard also lost popularity in this country, but chiefly among academic and theoretical students; business men and bankers, along with a considerable minority of economists, continued to pay lip service to the gold standard even though they had long accepted innovations in monetary management which stripped it of much of its distinctive character.

Gold's Five Functions

There were five functions of gold in the monetary system of the late nineteenth and early twentieth centuries. First, it served as a common denominator in which the values of national

currencies could be stated. This function it still retains; we state the value of the pound, the dollar, the franc, and the ruble all in terms of gold, which enables an easy comparison between them. Concerning this use of gold, there is no real controversy, and it is carried over into the new international

system headed by the International Monetary Fund.

Second, it served as a medium of exchange; that is, it was shipped to settle any balance remaining after other transactions were set off against one another in the exchange market.

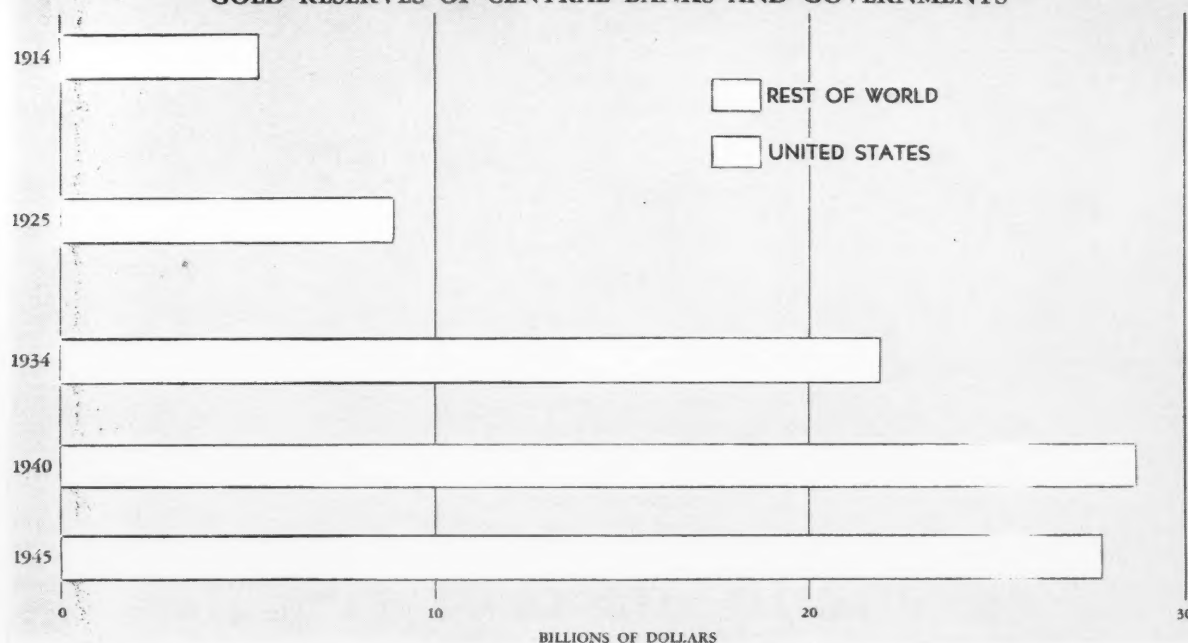
The third function of gold under the

POURING MOLTEN GOLD AT THE PHILADELPHIA MINT—HARRIS & EWING PHOTOGRAPH



The International Monetary Fund gives protection to gold producers and holders of gold balances as gold balances have retained their independent position alongside the credit quotas under the plan.

GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS



ABOUT three-fourths of reported gold reserves are held by the United States. Gold holdings are not completely known; the U. S. S. R. has not published its holdings since 1935 and reports of other countries are incomplete. Total world gold holdings are larger than reported and probably have not decreased recently. . . . The 1934 increase is mostly due to the revaluation of the dollar from a basis of \$20.67 a fine ounce to \$35. . . . These data are for year ends as reported by, but not totalled recently by, the Federal Reserve System.

old gold standard was to maintain approximate stability in the prices of the various currencies in terms of one another. This was accomplished chiefly by redemption of individual currencies on demand in fixed amounts of gold. By such redemption, fluctuations in the relative values of currencies are restricted to a narrow range determined by the cost of shipping gold. Most people probably think of this as the essential feature of the gold standard as it existed before the first World War, and it was the principal reason why the gold standard was restored after 1920 in so many countries. Latterly, however, exchange stability itself and not merely the use of the gold mechanism to maintain it has become unpopular

in a large part of the world. No one wants to see the exchanges fluctuate as wildly as they did in the early twenties and again in the middle thirties, but many people, and especially British students and administrators, are equally averse to seeing them held as rigidly in line with one another as they were before 1914 and again in 1927 to 1929.

The authors of the Fund sought to get the best of both worlds. They aimed to set up a system that would be sufficiently rigid to enable an international investor or trader to count on a reasonably certain future value ratio between foreign currencies and his own, and at the same time permit occasional readjustment of the parities in accordance with the real or fancied needs of the various countries.

Fund Appeases Both Sides

In the constitution of the Fund, gold is given a conspicuous place, and its defenders can say with perfect honesty to friends of the gold standard that it is a plan for perpetuating and protecting that standard. But to audiences in whose eyes the gold standard is outmoded it can be urged with equal honesty that the plan of the Fund leaves every country free to control its own money supply without reference to the abundance or scarcity of gold, and up

to a point without reference to pressure on the foreign exchanges. Gold is still to be king, but the king will only reign—not rule.

The fourth function of gold under the old gold standard was to furnish an objective or automatic control of the quantity of reserves and consequently the quantity of money in any national economic system. The relationship between the quantity of gold held in reserves and the total volume of money which could be issued was maintained in most countries through fixed legal requirements; in England by long-established custom which had virtually the force of law. This feature of the gold standard was not an accidental one but was closely related to the maintenance of exchange stability.

It is obvious that if one country's currency value is kept at a fixed ratio to the value of another country's currency (whether by gold redemption or any other device), there must be some corrective for any tendency that may appear for one of these currencies to expand or contract out of line with the other, thus creating or permitting major divergences of price trends between the two countries. For if prices in one country rise sharply in relation to those in the other, and there is no automatic or managed corrective, im-

ports will increase and exports decrease, and the money will flow one way until it is all gone.

Under the old gold standard, the adjustment was effected first by permitting small premiums and discounts on the respective currencies, and second, when necessary, by movements of gold which contracted the circulation and reserves of the one country and expanded the circulation and reserves of the other. If the dollar goes to a premium of $\frac{1}{2}$ of 1 per cent over the pound, the cost of all American goods to British buyers rises in the same proportion, while British goods are correspondingly cheapened to American buyers. Such exchange fluctuations were frequently sufficient to bring the balance of payments back into equilibrium. In other cases, gold began to move and the consequent change in bank reserves raised the interest rate and curtailed the flow of short-term loans in the one country, with reverse effects (not so prompt) in the other.

If the gold movement persisted in the face of both these reverse pressures, expansion of the monetary supply in the one country and contraction in the other tended to bring about price declines in the country losing gold and price increases in the country gaining gold, and thereby to restore the commodity balance. However, the primary factors were nearly always the fluctua-

tions of the price of exchange and the financial effects of the gold movement, rather than the effects on commodity price movements.

The fifth function of gold under the old gold standard was to provide a sort of world subsidy to countries that were fortunate enough to have workable gold mines within their borders. Under conditions of full employment and freedom of trade, to be sure, there is no reason to expect the production of gold for sale at a rigid price to be an especially profitable use of labor and capital.

Gold Mining Industry

The great advantage of the gold producer is that in times of slack demand he has a guaranteed market at a fixed price, and that in a world where international trade is hedged about by innumerable restrictions and burdened with arbitrary costs, he has a free market in every country in the world. During the depression gold mining was one of the very few industries that expanded, because its costs fell and its selling price was fixed in the early years and actually raised in the later years. Russia, during the years when her exports were hampered by her inability to make satisfactory trade treaties, found expansion of her production of gold for export a simple and effective way of financing her import needs.

Moreover, even under conditions of full employment, when gold mining finds its fixed sale price a handicap in

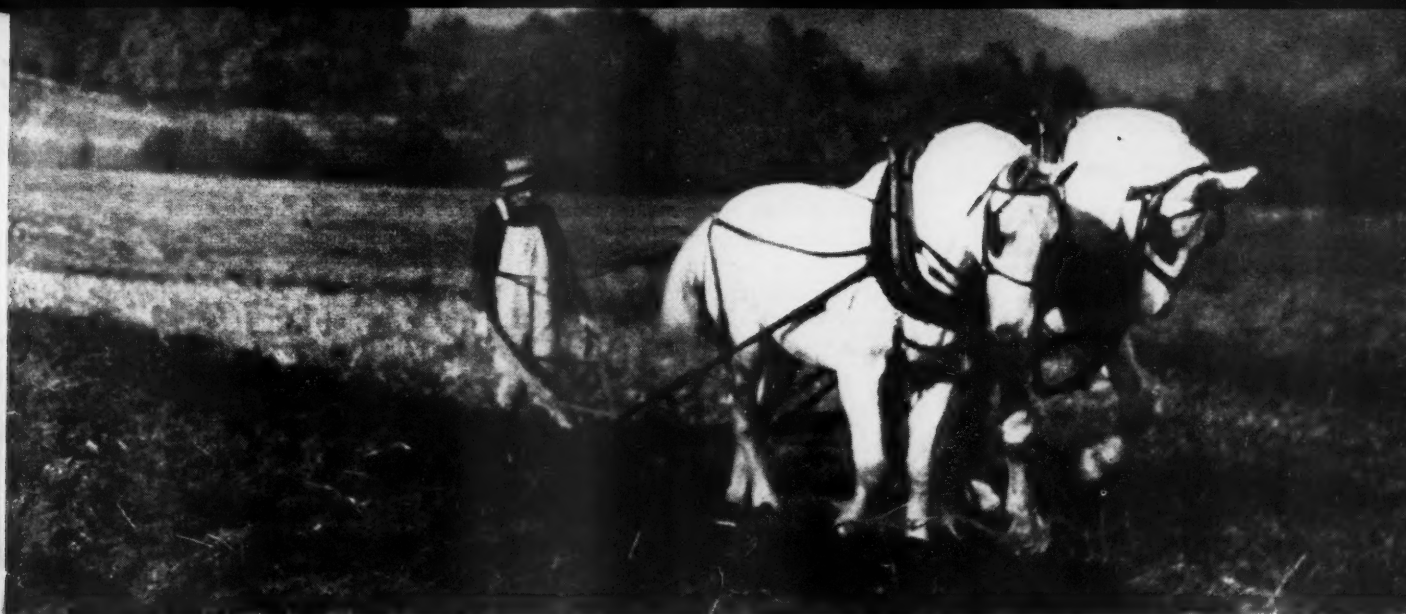
the face of rising costs, some mines are always workable at more than normal profit. The incomes derived directly and indirectly from gold mining are in the nature of a tax on the rest of the world. This is not true, of course, of the gold that is used in the arts and would not be true of monetary gold if the output merely provided for the needed growth in the size of the world's money stock. Under conditions that existed many years before the collapse of the gold standard, one gold supply was really as adequate as another.

The effect of successive gold discoveries was to give the world a higher price level rather than a more efficient monetary system. This was not an immediate demonstrable effect; the first impact of increases in the gold supply was usually on the excess reserves of central banks and the effect of the volume of circulating money was no more than one to one. But in each of the booms that succeeded one another at intervals of 10 to 20 years, the limit of the height of the boom was set by the volume of bank reserves and in the succeeding reactions the money supply did not contract again. The effect of increases in the gold supply during the nineteenth century can be traced in the height of the peaks reached by the money supply curves and price curves in successive booms rather than through an attempt to connect up the gold situation with the price movements between these booms.

(Continued on page 56)

Countries participating in the International Monetary Fund must pay into the fund fixed quotas, a substantial part of which must be met in gold or U. S. dollars, considered the equivalent of gold.





SPRING FLOWING—CUSHING PHOTO

THE TREND OF BUSINESS

PRODUCTION . . . PRICES . . . TRADE . . . FINANCE

Industrial production recovered and increased considerably in March. Employment and income payments rose. Consumer buying was heavy; prices of goods and services continued upward. Stock prices recovered most of the February losses. Business failures decreased slightly.

RAPID recovery of industrial production came in March as labor-management disputes in several major industries were finally settled. For the second time since the end of the war reconversion efforts effectively raised the level of industrial production. The Federal Reserve Board's index of industrial production (1935-1939 = 100, seasonally adjusted, physical volume), which dropped to a post-war low of 154 in February, was estimated at 171 in March. Slightly above the November 1945 index, the March figure approached the levels

recorded immediately before Pearl Harbor in 1941.

The speed with which operations were resumed in plants closed down in previous months was reflected in the steel industry. March steel production was over four times February's output and in the last three weeks of March plants produced at the highest levels since the end of the war. Automobile, truck, and bus production also reached the highest post-war level in March and was 68 per cent above February. Output of automobiles the last week of March was one-third that of the comparable 1941 week. March coal production, 14 per cent over February, was above any monthly war-time level.

There were gains in output of radios, other small electrical appliances, hosiery, textiles, paper, and paperboard. Brass, copper, and lead output was about 60 per cent of normal and resulted in decreased manufacturing of batteries, cables, paint, and lead arsenic. Farm machinery, crude oil, flour, and

livestock production was down in March.

Increased industrial production in March was followed by an appreciable rise in manufacturers' shipments after the slight dip in February. The value of shipments in March is estimated above January's \$8.95 billion, but still well below the \$14.1 billion of last March. Textile shipments in March were the largest since the end of the war, approximating \$590,000,000 in February; the rise has been irregularly upward since July. Manufacturers' inventories in March were generally un-

Industrial Production

Seasonally Adjusted Index, 1935-1939 = 100; Federal Reserve Board

	1943	1944	1945	1946
January	227	243	234	160
February	232	244	236	154
March	235	241	235	171*
April	237	239	230	
May	239	236	225	
June	237	235	221	
July	240	230	210	
August	242	232	186	
September	244	230	167	
October	247	232	162	
November	247	232	168	
December	241	232	164	

* Approximation; figure from quoted source not available.

Employment

Millions of Persons; U. S. Bureau of Census

	1943	1944	1945	1946
January	51.4	50.4	50.1	51.4
February	51.2	50.3	50.6	51.7
March	51.2	50.5	50.8	53.0
April	51.6	51.3	51.2	
May	52.0	51.8	51.5	
June	54.0	53.2	53.1	
July	54.8	54.0	54.3*	
August	54.4	53.2	53.5	
September	53.0	52.3	51.3	
October	52.2	52.2	51.6	
November	51.7	51.5	51.7	
December	51.0	50.6	51.4	

* New series.

Consumers' Price Index

Index: 1935-1939 = 100; U. S. Bureau of Labor Statistics

	1943	1944	1945	1946
January	120.7	124.2	127.1	129.9
February	121.0	123.8	126.9	129.4
March	122.8	123.8	126.8	130.3
April	124.1	124.6	127.1	
May	125.1	125.1	128.1	
June	124.8	125.4	128.1	
July	123.9	126.1	129.4	
August	123.4	126.4	129.3	
September	123.9	126.5	128.9	
October	124.4	126.5	128.9	
November	124.2	126.6	129.3	
December	124.4	127.0	129.9	

* Approximation; figure from quoted source not available.

balanced but were at levels equivalent to or slightly above the preceding month. New order volume continued very high and orders were accepted on strict quota bases in most fields.

New construction in February totalled \$547,000,000, up 15 per cent above January and almost double the February 1945 figure. Residential construction accounted for \$176,000,000, about 15 per cent greater than January and over six times that of a year ago (U. S. Department of Commerce).

Employment—The return of many workers to industries producing basic materials gradually opened up more jobs in distribution, trade, and subsidiary manufacturing fields in March. Total civilian employment in the first part of March was estimated at 52,950,000 persons, 2.4 per cent above the 51,690,000 persons in February (U. S. Bureau of the Census).

Non-agricultural employment rose 2 per cent in March and was above any level reached during the war. The seasonal demand for farm hands resulted in a substantial increase of 8.4 per cent in the number of agricultural workers in March; the number was 4 per cent above March 1945.

The sharp pick-up in industrial activity in March was accompanied by a decrease in initial unemployment compensation claims, down about 20 per cent from February; total claims increased 4 per cent during March (Social Security Board). Total civilian unemployment on March 14 was 2,710,000 persons, an increase of 60,000 persons from February 9. Unemployment has risen in every month since August except in October, with the amount of increase in March the smallest in any one of the last three months.

Income—Increased industrial ac-

tivity and employment at higher wage rates and continued mustering-out and unemployment compensation payments resulted in a sizable increase in total income payments in March from the post-war low in February. The 1945 war-time peak of total income payments was about \$164 billion annually; in March the level was estimated as the equivalent of an annual rate of \$160 billion.

The rise in employment and output in March was reflected in gains in wages and salaries in construction, distribution, service, and finance groups. In manufacturing, payrolls also increased somewhat in March from the dip in February when strikes in the metal industries prevailed. Total non-governmental wage and salary payments in March were estimated above the \$75 billion annual rate of last September and close to the \$82 billion rate of July 1945.

Wholesale Commodity Prices

Index: 1926 = 100; U. S. Bureau of Labor Statistics

	1943	1944	1945	1946
January	101.9	103.3	104.9	107.1
February	102.5	103.6	105.2	107.7
March	103.4	103.8	105.3	108.8
April	103.7	103.9	105.7	
May	104.1	104.0	106.0	
June	103.8	104.1	106.1	
July	103.2	104.1	105.9	
August	103.1	103.9	105.7	
September	103.1	104.0	105.2	
October	103.0	104.1	105.0	
November	102.9	104.4	106.8	
December	104.2	104.7	107.1	

* Approximation; figure from quoted source not available.

Prices—As price control regulations were eased further on more commodities in March, the general level of wholesale commodity prices moved slightly upward. The U. S. Bureau of Labor Statistics' wholesale commodity price index is estimated to have risen 1 per cent from February to March to a level 3 per cent above a year ago. Prices of farm products, foods, and building materials were from 4 to 5 per cent above March 1945. The OPA raised price ceilings in March on some cotton yarn, textiles, meats, lumber, low-end durable goods, and electrical appliances. Costs of building materials now at the highest level since 1920, farm machinery, non-ferrous metals, clothing, and meat gained in March. Price controls were entirely removed on some housewares, sport clothes and equipment, and musical instruments.

Manufacturers and distributors were permitted to pass on to consumers few of the advances granted in wholesale prices, consequently the consumer price index did not register unusual increases in March. It was estimated that the consumers' price index (U. S. Bureau of Labor Statistics, 1935-1939 = 100) rose 1 point from the February level to 130.1 in March, slightly above the January figure and 3.3 points over a year ago. The drop in the index in February occurred as price declines in food, housefurnishings, and miscellaneous items outweighed increases in clothing and fuel prices.

Consumer Spending—Consumer expenditures for goods and services represent a fairly good picture of overall business activity. Each of the last two war periods was marked by a rapid rise in consumer expenditures which continued in the post-war period. The rise was more accelerated and extended over a longer period of time during World War II than during World War I. In each case the entry of the United States into the conflict took place some time after war had been declared by other principal powers, but the effect upon consumer expenditures was scarcely discernible; the rising trend continued fairly constantly.

During the early part of World War I a slight decrease in consumer expenditures occurred. This was quickly overcome and the ensuing upward trend continued for two years after the end of the war. In 1921 it dropped sharply although it remained more than \$5 billion above that of 1918.

Consumer expenditures were rising at the start of World War II although a slight decline had taken place during the preceding year. In 1939 expenditures were 39 per cent greater than

Retail Sales

Seasonally Adjusted Index: 1935-1939 = 100; U. S. Department of Commerce

	1943	1944	1945	1946
January	158.1	173.6	175.6	228.4
February	168.4	173.9	193.2	244.1
March	164.3	177.9	193.8	226
April	159.0	169.6	175.3	
May	156.5	174.5	177.6	
June	164.2	174.4	182.8	
July	164.4	179.4	189.2	
August	165.9	187.7	189.5	
September	165.5	179.1	189.2	
October	160.3	185.0	202.4	
November	174.1	192.0	215.8	
December	171.4	187.7	210.6	

* Approximation; figure from quoted source not available.

they were in 1918; in 1945 they were at a level more than double that reached in 1918. This rise continued during the last half of 1945 and an additional increase was reported during the first quarter of 1946.

Trade—Total retail volume continued to hold at very high levels during March and was about 17 per cent above the March high a year ago. While dollar volume in all retail stores in March was estimated to have increased slightly from February, seasonally adjusted it was approximately 3 per cent under February. In the first three months of 1946 food volume was up almost 20 per cent over the corresponding period a year ago; building materials and home furnishings were up about 40 per cent and apparel volume was up 15 per cent.

Department store volume, as well as that of all retail trade, was considerably above March 1945. In March the Federal Reserve Board's index of department store sales (1935-1939 = 100, seasonally adjusted) reached 269, more than 5 per cent greater than March a year ago. Early Spring weather counteracted somewhat the influence of a late Easter with a large amount of Spring buying occurring in March.

In February cash sales in department stores increased 18 per cent, installment buying 28 per cent, and charge accounts 25 per cent over February 1945. Orders outstanding at the end of February amounted to \$982,000,000, compared with a 1945 average of \$728,000,000 and a 1940 average of \$108,000,000, according to a Federal Reserve Board survey of 269 department stores.

The volume of wholesale trade in March continued at a high level, moderately exceeding that of a year ago. In February dollar volume of service and limited function wholesalers was 21 per cent higher than in the same month last year. Dollar volume in most lines was well above a year ago, especially tobacco up 40 per cent, automotive supplies up 35 per cent, and electrical goods up 24 per cent (U. S. Bureau of the Census).

In March a large number of buyers attended the Toy Fair and antique show in New York, the jewelry show in Denver, and the gift show in St.

Louis. Deliveries were further extended in March with prices determined at time of delivery in most instances.

Finance—The quick rebound of industrial production in March was coupled with steady increases in stock and bond prices during the month. The greater part of the drop in prices which started in the middle of February was recovered by the end of March; the monthly average was below January and February. Railroad stock prices were slowest to rise and by the end of the month were several points below the mid-February high; industrials and utilities determined the general recovery trend. While prices were increasing in March, the volume of stocks traded on the New York Stock Exchange was extremely small, the smallest in six months. Large volume of stock trading the first two months made the first quarter total the largest since the corresponding period in 1937. Par value of bonds traded in March was the lowest since August 1940.

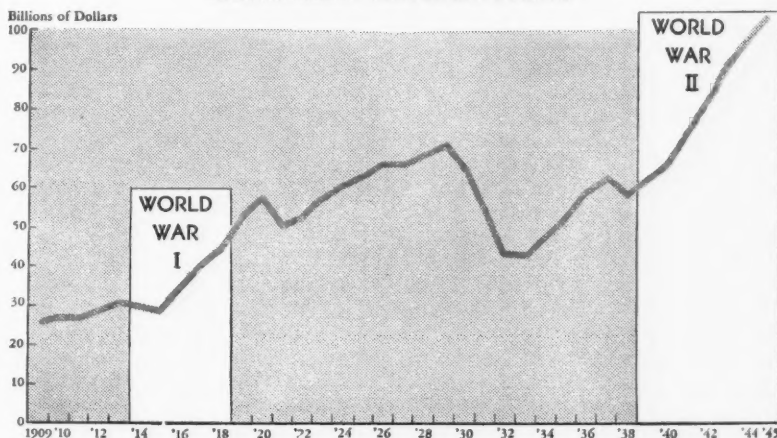
Money in circulation and demand deposits of reporting member banks of the Federal Reserve System in the last week of March were about 3 per cent above a year ago but slightly less than at the end of February. The annual rate of turnover of demand deposits in 100 leading cities excluding New York declined the first two months of the year but was slightly above a year ago.

In the first half of March, U. S. Savings Bond redemptions exceeded sales by \$67,000,000. Commercial, industrial, and agricultural loans made by Federal Reserve member banks in 101 cities totalled \$7,464,000,000 the week ended March 27, an increase of 1.1 and 22.6 per cent over a month and a year ago respectively.

Failures—Business failures, at 86 in March, were down from February but higher than at any other time in the last eleven months. Although varying only slightly from the failure record in March of 1945 and 1944, concerns failing this year were only a fifth as numerous as in March of 1943 and less than a tenth as numerous as in the same month of pre-war years. Dun's Insolvency Index, after a two-month uptrend, fell back to the January level, indicating an annual rate of 4.5 failures per 10,000 enterprises.

The liabilities involved in the month's failures reached the largest volume in over a year, totalling \$4,421,000. In failures of all sizes except those with losses under \$5,000, the number of concerns failing was higher this March than in the comparable month of last year. Exceptionally big failures with liabilities running above \$100,000 doubled the number occurring in the previous month, and were some 70 per cent above those in March a year ago, in fact, these large failures were more numerous than in any month since

CONSUMER EXPENDITURES



As production, employment, and payrolls rose, consumer expenditures increased in both war periods. The increases were partly due to increases in the price level. The consumer price index rose 74 per cent from 1914 to 1919, 29 per cent from 1939 to 1945; consumer expenditures went up 77 and 69 per cent respectively.—Data from the U. S. Bureaus of Foreign and Domestic Commerce and of Labor Statistics.

June 1943. There were only half as many small concerns failing with losses under \$5,000 as in the corresponding month of last year.

Manufacturing failures were up sharply, not only from last month's level but also from the number occurring in March of 1945. Concerns failing were two times as numerous in manufacturing as in any other trade or industry group. They represented the highest mortality among manufacturers in almost three years. Failures in commercial service and wholesale trade also increased as compared with March last year; in construction, failures remained the same; only retailing declined. Retailers failing, down this March to one-half the number last year, have continued at a record low level since August 1945.

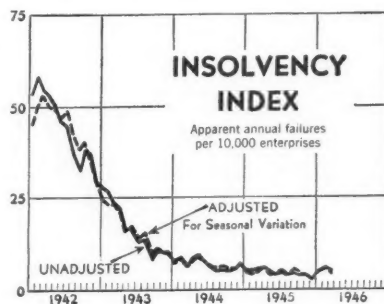
In terms of liabilities, increases appeared in wholesaling, construction, and commercial service, ranging from two to thirteen times as heavy as in March of 1945. But in manufacturing and retailing, losses were down a third from a year ago. Manufacturing, despite this decline, accounted for one-half the month's aggregate liabilities. In manufacturing five lines suffered losses of \$100,000 or more; two lines in construction and commercial service; only one line each in retail and wholesale trade.

The twenty-five largest cities and the balance of the country reported about the same number of concerns failing; likewise, liabilities were evenly distributed between the two areas. While the big-city failures were lower than in the previous March, non-metropolitan failures were at the highest level in over a year and a half. Concerns failing were most numerous in New York City and Los Angeles with ten each and in Boston with five. Liabilities were more evenly distributed among the metropolitan areas in March 1946, than in the previous year—there were seven cities with losses amounting to \$100,000 or more whereas last year there were only three, and more than half the liabilities were concentrated in one city. Regionally, the New England, Middle Atlantic, East North Central, and Pacific States all reported ten or more failures; the Pacific States was the only region with more than twenty.

SIGNIFICANT INDICATORS

COMPILED BY THE PUBLISHERS OF "DUN'S REVIEW"

More detailed figures appear in DUN'S STATISTICAL REVIEW.



THE FAILURE RECORD

	Mar. 1946	Feb. 1946	Mar. 1945	Per Cent Change
DUN'S INSOLVENCY INDEX*				
Unadjusted	4.8	6.1	5.0	-4
Adjusted, seasonally	4.5	5.3	4.7	-4
NUMBER OF FAILURES...	86	92	85	+1
NUMBER BY SIZE OF DEBT				
Under \$5,000	17	20	34	-50
\$5,000-\$25,000	40	41	33	+21
\$25,000-\$100,000	17	16	11	+55
\$100,000 and over	12	6	7	+71
NUMBER BY INDUSTRY GROUPS				
Manufacturing	41	20	26	+58
Wholesale Trade	10	9	7	+43
Retail Trade	17	27	37	-54
Construction	10	14	10	0
Commercial Service	8	13	5	+60
(Liabilities in thousands)				
CURRENT LIABILITIES	\$4,421	\$2,083	\$3,880	+14
TOTAL LIABILITIES	\$4,529	\$2,083	\$3,880	+17

* Apparent annual failures per 10,000 enterprises.
† Per cent change of March 1946 from March 1945.

FAILURES BY DIVISIONS OF INDUSTRY

(Current liabilities in thousands of dollars)	Number		Liabilities	
	Jan. 1946	Mar. 1945	Jan. 1946	Mar. 1945
MINING, MANUFACTURING...	105	77	4,836	5,406
Mining—Coal, Oil, Misc.	4	8	214	1,256
Food and Kindred Products	6	3	270	103
Textile Products, Apparel	13	6	228	62
Lumber, Lumber Products	10	10	510	944
Paper, Printing, Publishing	2	4	66	305
Chemicals, Allied Products	5	5	114	25
Leather, Leather Products	1	1	14	14
Stone, Clay, Glass Products	1	2	16	193
Iron, Steel, and Products	3	11	221	412
Machinery	24	6	2,060	244
Transportation Equipment	7	0	414	653
Miscellaneous	21	12	714	1,315
WHOLESALE TRADE	22	13	1,433	248
Food and Farm Products	8	4	860	158
Apparel, Dry Goods	1	1	3	22
Lumber, Bldg. Mats., Hdw.	1	1	25	26
Chemicals and Drugs	1	1	2	2
Motor Vehicles, Equipment	1	1	1	1
Miscellaneous	12	6	545	40
RETAIL TRADE	66	80	772	805
Food and Liquor	13	12	90	82
General Merchandise	6	6	133	38
Apparel and Accessories	12	10	97	113
Furniture, Furnishings	2	2	37	10
Lumber, Bldg. Mats., Hdw.	2	4	9	30
Automotive Group	0	11	50	49
Eating, Drinking Places	15	28	245	325
Drug Stores	2	7	6	23
Miscellaneous	5	9	105	85
CONSTRUCTION	32	28	806	1,271
General Bldg. Contractors	8	7	378	950
Building Sub-contractors	23	21	228	321
Other Contractors	1	1	200	1
COMMERCIAL SERVICE	33	24	3,020	3,500
Highway Transportation	10	8	2,888	2,838
Misc. Public Services	1	1	1	66
Hotels	1	1	687	461
Cleaning, Dyeing, Repairs	2	2	16	41
Laundries	1	1	202	15
Undertakers	1	1	1	11
Other Personal Services	6	2	22	5
Business, Repair Service	11	8	114	63

WHOLESALE FOOD PRICE INDEX

The index is the sum of the wholesale price per pound of 31 commodities in general use:

1946	1945	1946
Apr. 23..\$4.10	Apr. 24..\$4.10	High \$4.30 Apr. 16
Apr. 16..4.20	Apr. 17..4.11	Low 4.12 Jan. 22
Apr. 9..4.10	Apr. 10..4.10	1945
Apr. 2..4.19	Apr. 3..4.10	High \$4.16 Nov. 27
Mar. 26..4.18	Mar. 27..4.10	Low 4.04 Sept. 4

DAILY WHOLESALE PRICE INDEX

The index is prepared from spot closing prices of 30 basic commodities (1930-1932 = 100).

	1946	1945	1945
	Apr.	Mar.	Dec.
1....	188.44	185.19	183.20
2....	188.99	185.50	183.38
3....	189.22	185.50	181.92
4....	189.18	187.07	183.73
5....	189.25	187.02	183.40
6....	189.46	186.73	183.60
7....	189.46	186.89	183.84
8....	189.25	186.63	184.07
9....	189.46	186.85	184.24
10....	189.64	186.78	184.52
11....	189.35	186.78	184.52
12....	188.74	186.75	184.52
13....	189.04	186.69	184.30
14....	189.04	186.65	184.43
15....	189.14	186.65	184.43
16....	189.06	186.65	184.43
17....	189.06	186.65	184.43
18....	189.45	187.30	184.53
19....	189.45	187.30	184.53
20....	189.45	187.30	184.53
21....	189.45	187.30	184.53
22....	189.45	187.30	184.53
23....	189.45	187.30	184.53
24....	189.45	187.30	184.53
25....	189.45	187.30	184.53
26....	189.45	187.30	184.53
27....	189.45	187.30	184.53
28....	189.45	187.30	184.53
29....	189.45	187.30	184.53
30....	189.45	187.30	184.53
31....	189.45	187.30	184.53

† Sunday. * Market closed.

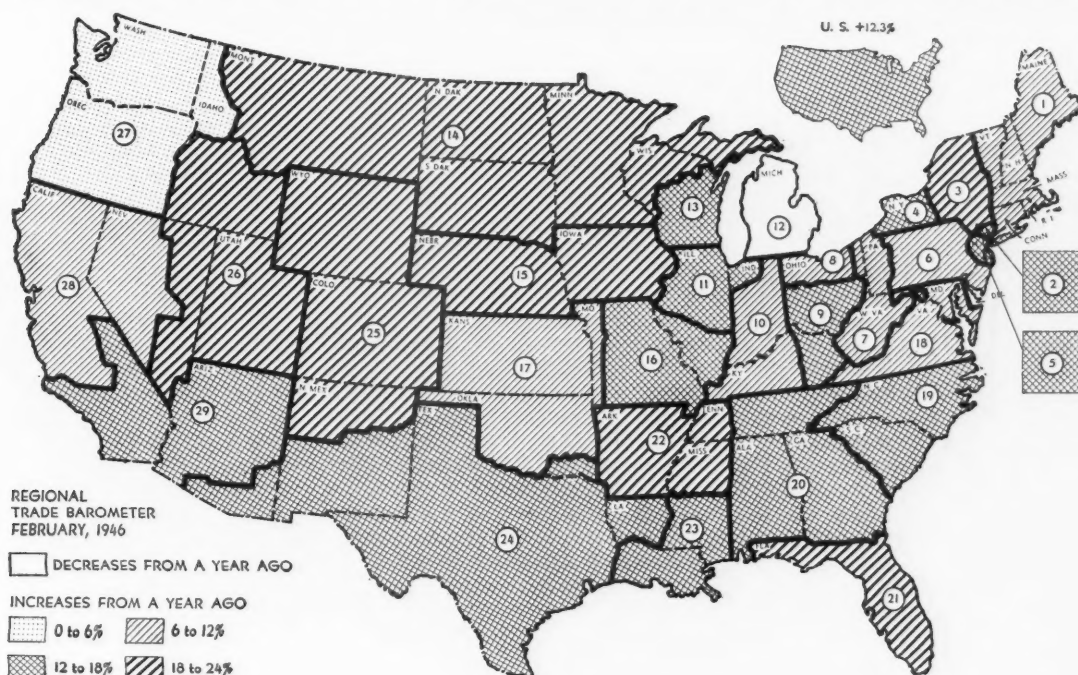
BANK CLEARINGS—INDIVIDUAL CITIES

(Thousands of dollars)	March		% Change
	1946	1945	
Boston	1,777,080	1,699,106	+ 4.7
Philadelphia	3,344,000	3,073,000	+ 8.8
Buffalo	264,025	296,992	-10.8
Pittsburgh	1,076,841	1,210,141	-11.7
Cleveland	964,210	1,018,533	-5.3
Cincinnati	579,562	546,095	+ 5.1
Baltimore	770,014	714,840	+ 7.7
Richmond	406,102	366,813	+10.7
Atlanta	787,000	723,613	+ 8.1
New Orleans	448,051	395,887	+13.2
Chicago	2,338,323	2,333,886	+ 0.2
Detroit	1,244,544	1,638,830	-24.1
St. Louis	931,086	881,913	+ 5.7
Louisville	387,772	345,127	+12.4
Minneapolis	762,687	621,062	+22.6
Kansas City	1,026,990	941,506	+ 9.1
Omaha	400,288	358,520	+11.6
Denver	346,831	284,916	+21.7
Dallas	641,040	575,724	+11.6
Houston	582,109	538,955	+ 8.0
San Francisco	1,468,615	1,396,821	+ 5.1
Portland, Ore.	330,320	343,381	- 3.8
Seattle	380,247	307,005	+23.8
Total 23 Cities	21,519,484	20,662,564	+ 4.1
New York	31,001,466	27,699,557	+11.9
Total 24 Cities	52,520,950	48,362,121	+ 8.6
Daily Average	2,020,037	1,791,190	+12.8

BUILDING PERMIT VALUES—215 CITIES

Geographical Divisions:	March		% Change
	1946	1945	
New England	\$22,455,935	\$1,886,349	+1,090.4
Middle Atlantic	74,052,103	23,322,652	+222.6
South Atlantic	46,306,861	5,165,101	+798.3
East Central	101,552,673	9,790,050	+936.7
South Central	59,802,910	10,745,000	+457.4
West Central	27,076,354	2,843,363	+852.3
Mountain	9,597,466	2,432,994	+294.3
Pacific	84,044,908	10,500,799	+708.9
Total U. S.	\$426,864,210	\$66,602,227	+540.9
New York City	\$12,362,246	\$18,720,556	+126.2
Outside N. Y. C.	\$384,501,964	\$47,872,671	+793.2

TRADE ACTIVITY IN TWENTY-NINE REGIONS



CONSUMER SPENDING REACHES NEW HIGH

The Trade Barometer (seasonally adjusted) rose to 243.4 in March from 227.5 in February. The barometers are compiled under the general direction of Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc. Trade data are gathered by the local DUN & BRADSTREET, INC., offices.

The total sales of retail stores reached a new February high of \$6.2 billion, according to the U. S. Department of Commerce. This was 22 per cent above the \$5.1 billion of February 1945. While this figure is a new peak for the month, it is below the \$6.4 billion of January and reflects a seasonal decline from the record high of December. In addition, it is the lowest point to which retail volume has fallen since August, the month in which the war ended.

Retail volume was well above the record pre-Easter buying of a year ago in every section of the United States. However, in some cities spending was curtailed because of strikes which affected large numbers of workers. The pre-holiday demand for goods began earlier than usual this year as mild weather and a large pent-up demand for clothing and house-furnishings

brought hopeful buyers into a market dominated chiefly by scarcities.

The DUN's REVIEW Trade Barometer for the United States which is designed to measure consumer expenditures for goods and services, rose to a new high of 227.5 (1935-1939 = 100). After adjustment for seasonal variation and for the number of business days in the month, the barometer increased 6 per cent over the 215.1 of January. It was 12 per cent higher than the February 1945 barometer. The preliminary barometer for March was 243.4, a gain of 13 per cent over March 1945.

Following the trend which began in October the barometers of all regions were above those of a year ago with the exception of the Detroit Region (12) where it fell 2 per cent below February 1945. In the other 28 regions increases were noted ranging from 4 per cent to 25 per cent. The best gains

over February 1945 were in the Memphis Region (22) and the Florida Region (21). The Southern and Midwestern Regions have had the best gains over a year ago in recent months, whereas the Far West and Great Lakes regions have had a lesser inclination to make large gains in consumer spending and in business activity generally.

From January to February there were increases in the barometers of all of the 29 regions except four. These four were the Philadelphia Region (6), the Pittsburgh Region (7), and the Florida Region (21), where declines were noted, and the North and South Carolina Region (19) where there was no change. The best gains were in the Texas Region (24), the Minneapolis and St. Paul Region (14), the Memphis Region (22), and the St. Louis Region (16).

(Regional Reports on page 30)

TRADE ACTIVITY IN TWENTY-NINE REGIONS—CONTINUED

REGIONAL TRADE BAROMETERS

REGION	Feb. 1946	% Change from— Feb. 1945	Jan. 1946
United States.....	227.5	+12.3	+ 5.8
1. New England.....	178.6	+ 9.0	+ 2.8
2. New York City.....	213.4	+12.8	+ 1.5
3. Albany, Utica, Syracuse	213.2	+18.1	+ 2.2
4. Buffalo, Rochester...	216.4	+12.9	+ 3.3
5. Northern New Jersey...	183.0	+12.3	+ 5.2
6. Philadelphia.....	202.2	+11.0	+ 0.2
7. Pittsburgh.....	178.5	+ 7.0	+ 0.9
8. Cleveland.....	223.9	+ 7.4	+ 6.4
9. Cincinnati, Columbus...	236.5	+13.1	+ 8.2
10. Indianapolis, Louisville...	256.0	+ 9.5	+ 4.5
11. Chicago.....	220.6	+13.0	+ 6.8
12. Detroit.....	217.7	+ 2.1	+ 8.9
13. Milwaukee.....	247.6	+13.9	+ 4.8
14. Minneapolis, St. Paul...	232.8	+19.4	+11.1

REGION	Feb. 1946	% Change from— Feb. 1945	Jan. 1946
15. Iowa, Nebraska.....	237.5	+19.5	+ 9.1
16. St. Louis.....	227.3	+15.5	+10.6
17. Kansas City.....	246.1	+11.1	+ 5.8
18. Maryland, Virginia...	246.6	+ 6.9	+ 9.6
19. North, South Carolina...	240.4	+14.8	+ 0.0
20. Atlanta, Birmingham...	302.7	+16.4	+ 5.7
21. Florida.....	272.0	+21.8	+ 1.2
22. Memphis.....	279.9	+25.3	+11.0
23. New Orleans.....	262.4	+13.1	+ 7.1
24. Texas.....	299.6	+16.8	+15.5
25. Denver.....	227.4	+20.1	+ 1.2
26. Salt Lake City.....	260.0	+20.5	+ 6.0
27. Portland, Seattle.....	279.3	+ 3.5	+ 9.0
28. San Francisco.....	248.3	+ 8.8	+ 7.6
29. Los Angeles.....	261.5	+16.0	+10.0

The Regional Trade Barometers are compiled under the direction of Dr. L. D. H. Weld. The barometers are seasonally adjusted; 1935-1939 = 100.

Regional trade information is based upon opinions and comments of business men gathered and weighed by the local DUN & BRADSTREET offices. Payroll and employment data are from Government sources. Most of the information summarized here represents final figures for February.

Department store sales are from the Federal Reserve Board and are for the four weeks ended March 30, 1946.

More complete barometer figures and more detailed regional information is published in DUN'S STATISTICAL REVIEW.

HIGHLIGHTS OF TRADE ACTIVITY

- New England Region**—Barometer gains over a year ago and a month ago smaller than average. Wholesale trade about 15% above a year ago. Boston newspaper advertising linage 26% over a year ago; department store sales about 7% above March 1945.
- New York City Region**—Barometer down to 6% below U. S. level. Bridgeport wholesale volume 5% above a year ago. New York City hotel sales 16% above a year ago, newspaper advertising linage up 21%. Retail sales in New York City about 20% above March 1945.
- Albany, Utica, and Syracuse Region**—Barometer had large gain over a year ago, small gain in month. Wholesale trade approximately 15% above a year ago. Retail volume at new peaks.
- Buffalo and Rochester Region**—Barometer had average gain over a year ago, small gain over January. Wholesale trade slightly above a year ago. Department store sales well above March 1945.
- Northern New Jersey Region**—Barometer had average gain over a year ago. Newark wholesale trade 10% above a year ago. Elizabeth industrial area employment 15% under a year ago.
- Philadelphia Region**—Barometer unchanged from January level. Wholesale trade slightly above a year ago. Employment and payroll figures less than a month ago and a year ago. Philadelphia department store sales 7% above March 1945.
- Pittsburgh Region**—Barometer dropped to 22% below U. S. level. Wholesale trade well above a year ago. Employment and payroll levels below a month ago and a year ago. Pittsburgh newspaper advertising linage 33% above a year ago.
- Cleveland Region**—Barometer gain in month less than average. Wholesale trade moderately above a year ago. March unemployment compensation claims below February.
- Columbus and Cincinnati Region**—Barometer increases over a year ago and a month ago larger than average. Wholesale trade about 15% above a year ago. Department store sales moderately above a year ago.
- Indianapolis and Louisville Region**—Barometer gain over a year ago less than average. Wholesale trade about 15% above a year ago. Industrial employment declined from January.
- Chicago Region**—Barometer increases over a year ago and a month ago larger than average. Wholesale trade well above a year ago. Chicago industrial employment 8% below January, payrolls down 9%. Department store sales 16% above March 1945.
- Detroit Region**—Barometer below level of a year ago. Wholesale trade slightly above a year ago. Department store sales 12% above March 1945. Automotive strike settled in March.
- Milwaukee Region**—Barometer gain over a year ago larger than average. Wholesale trade moderately above a year ago. Milwaukee department store sales 16% above March 1945.
- Minneapolis and St. Paul Region**—Barometer increases over a year ago and a month ago well above average. Wholesale trade moderately above a year ago. Freight carloadings even with a year ago. Minneapolis flour production 8% above March 1945.
- Iowa and Nebraska Region**—Barometer increases over a year ago and a month ago well above U. S. average. Wholesale trade well above a year ago. Iowa chicken hatchery output 10% above a year ago. March retail volume well above a year ago.
- St. Louis Region**—Barometer gains over a year ago and January well above U. S. average. St. Louis wholesale trade 25% above a year ago; building permit values 3 times as large as a year ago. Department store sales 15% above March a year ago.
- Kansas City Region**—Barometer had average gain over January. Wholesale trade about 8% above a year ago. Department store sales in region moderately above a year ago.
- Maryland and Virginia Region**—Barometer jumped to 8% above U. S. level. Wholesale trade slightly above a year ago. Baltimore employment and payrolls below the January level. Department store sales well above March 1945.
- North and South Carolina Region**—Barometer even with January. Wholesale trade moderately above a year ago. Two apparel mills under construction in Wilmington. March retail volume slightly above a year ago.
- Atlanta and Birmingham Region**—Barometer 33% above U. S. level. Wholesale trade about 12% above a year ago. Atlanta newspaper advertising linage 32% over a year ago, Birmingham up 32%.
- Florida Region**—Barometer gained substantially over a year ago. Wholesale trade about 15% above a year ago. Building permit values about 3 times as large as a year ago. Miami department store sales 26% over March 1945, Jacksonville up 10%.
- Memphis Region**—Barometer gain over February 1945 best in the country. Wholesale trade slightly above a year ago. Arkansas employment and payrolls gained slightly over January. March department store sales well above a year ago.
- New Orleans Region**—Barometer rose to 15% above U. S. level. Wholesale trade well above a year ago. New Orleans department store sales 3% above March 1945.
- Texas Region**—Barometer gain over January best in the country. Wholesale trade about 12% above a year ago. Dallas building permit values 16 times as large as a year ago. Department store sales well above March 1945.
- Denver Region**—Barometer increase over a year ago substantially above average. Wholesale trade moderately above a year ago. Denver carload receipts of livestock 19% above a year ago.
- Salt Lake City Region**—Barometer gain over a year ago third largest in U. S. Salt Lake City wholesale trade 21% above a year ago; building permit values 18 times larger. March department store sales 20% above a year ago.
- Portland and Seattle Region**—Barometer rose to 23% above U. S. level. Wholesale trade about 7% above a year ago; lumber production down. Department store sales well above March 1945.
- San Francisco Region**—Barometer gain over February 1945 below average. Wholesale trade slightly above a year ago. San Francisco employment about half as large as a year ago.
- Los Angeles Region**—Barometer increases over a year ago and a month ago above average. Wholesale trade about even with a year ago. Los Angeles employment and payrolls about half as large as a year ago; department store sales 17% above March 1945.

This famous, all-purpose, low-cost

DE WALT

will help
your company
reconvert

*faster
at lower cost!*



Make this model GE DeWalt the No. 1 tool on your reconversion equipment list!

This DeWalt is a precision-built tool for wood-cutting operations, capable of doing accurate variety work.

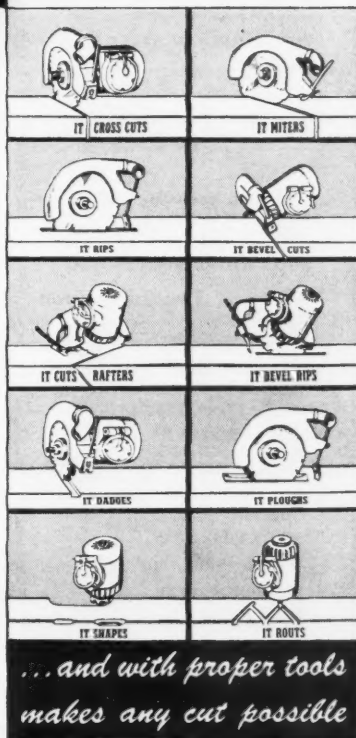
You should consider this machine *first* for general carpenter maintenance—for crating and boxing—for pattern work—and for construction inside or outside the plant.

DeWalt is the only power saw of its kind made that's backed with almost a quarter of a century's experience and specialization in the design, development and production of one machine.

It is the machine that will bring new standards of efficiency and production to your cutting jobs no matter how . . . where . . . or when you cut wood.

For complete information about the DeWalt line of world-famous radial power saws, write for our catalog. Address: DeWalt Products Corporation, 275 Fountain Avenue, Lancaster, Pa.

DE WALT



The British Magazine

For the Pulse of BRITISH
SOCIAL, ECONOMIC, and
INTELLECTUAL
THOUGHT

British Magazine enables you to appraise the situation throughout the world and the influences affecting your foreign operations and sales.

Every issue contains quotations from leading publications throughout the Empire. New thoughts and new movements revealed at their inception.

Every businessman should read every copy. It should be in every business library.

FREE

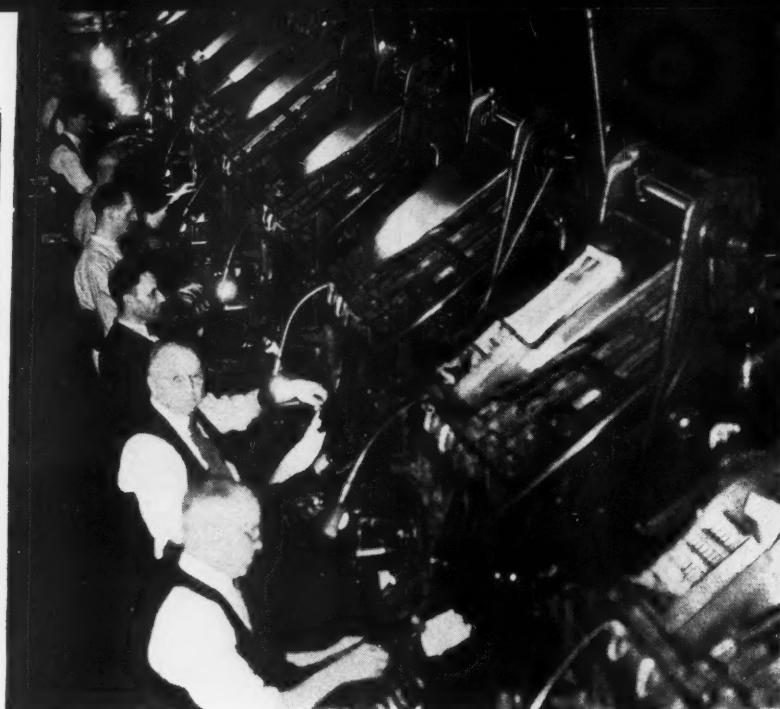
\$3.00 a year by subscription in advance. A sample copy will be sent free to executives. Use the coupon.

-----FREE-----

THE BRITISH MAGAZINE
30 Rockefeller Plaza,
New York 20, N. Y.

- ☐ Please enter my subscription for one year beginning with the May issue and send me bill for \$3.00.
- ☐ Please send me sample copy without charge.

Name Title
Company
Street
City Zone State



LINOTYPE MACHINES—NEW YORK HERALD TRIBUNE PHOTOGRAPH

Linotype

Listen to echoes over Time's low transom
From far-off places and from dusty lips
Of men who caught the follies of the world
Within the shape of words and gave them sound.
The ghost of Guttenburg is happy now
Dancing on the high-tiered alphabet,
A spectre on the keyboard to bemuse
The old proofreader with a plague of errors.
The breath of Caxton blows upon the neck
Of him who plays the music of the mind
Upon the clavier of muted keys,
And only hears the dropping of the slugs.
Rivers of lead are flowing into moulds
Of eloquence which hardens at the touch
Of ink and paper, giving black and white
Myriad shades of meaning, wealth and sound.
The automaton which Mergenthaler made
Has a brain exposed in stratagem, a maw
Of chattering teeth devouring all men think,
Or thought all yesterday or conjure now
To fill the empty pages of the dawn.
What can we say that none has said before,
To make the glutton pause or pot of lead
Boil over with excitement at the cry
Of wonder as the consonants and vowels
Come in strange patterns of truths overlooked?
After the last edition, silence crawls
Out of the shadows and the thing is dumb.

A. M. SULLIVAN



Copyright 1940, L. C. SMITH & CORONA TYPEWRITERS INC SYRACUSE 1 N Y

...which typewriter?



THE scene is a draft board. The time is late 1940. The typewriter is a Smith-Corona, typing names like Farnsworth, Vavrineck and Hershberger on important little cards—hundreds, thousands of them. That same Smith-Corona, and others like it in many other draft boards, is still going strong today, as board officials and service men alike prepare to return to civilian work.

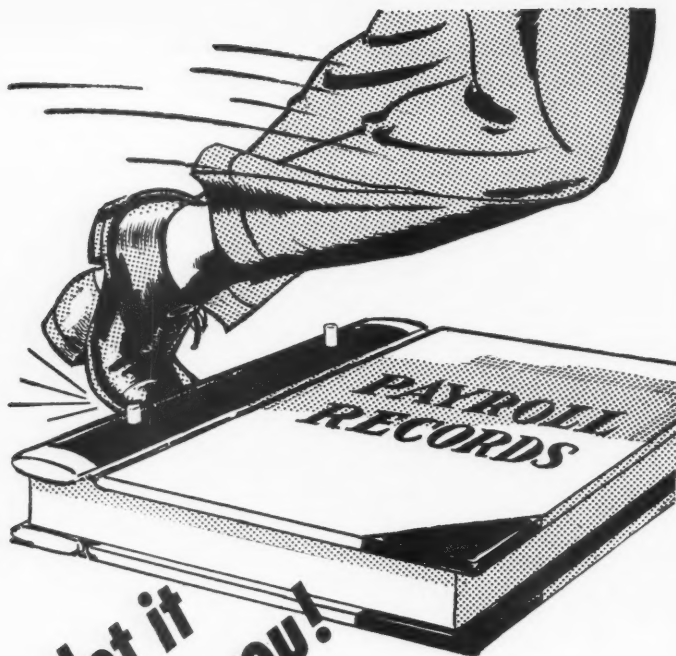
And with increasing speed, new Smith-Coronas are coming from the production lines . . . to repeat the great record of their predecessors, and even more dependably than ever to carry their share of the big job ahead.



Smith-Corona

Makers also of
Smith-Corona Portables





**Don't let it
throw you!**

The biggest stumbling block in many payroll departments is the employee's individual earnings record. Hours are wasted posting from one form to another. More time is lost making the figures balance. Wage and hour records are delayed and violations of the law are likely to follow. Then the inspectors...

A Todd Form-Master will correct this situation—and quickly. This manual posting device completes summary sheet, individual earnings record and check stubs in *a single rapid operation*. All supplementary data are available *at once*. Posting time is cut in half. Since there is no extra copying, accuracy is greater. Information is always up to date, so reports are easily prepared *on time*.

The Form-Master system requires no trained operators—no heavy investment in equipment. Whether you have a handful of employees or hundreds, it is flexible enough to fit present and future needs. The coupon below will bring you more details. Mail it today.



ROCHESTER NEW YORK
SALES OFFICES IN PRINCIPAL CITIES
DISTRIBUTORS THROUGHOUT THE WORLD

THE TODD CO., INC., Rochester 3, N.Y.

Please send the Todd Form-Master folder and samples of payroll forms that speed posting, proving and report-making.

Company _____

Address _____

City _____ County _____ State _____

By _____ DR-5-46

HERE and THERE

Business Explains Itself—A concise picture of the principles underlying the operation of American business is afforded its employees through a series of bulletins issued by the S. D. Warren Paper Company, Boston.

Publication of *Warren's Business Bulletins* was based on the belief that circumstance and political propaganda have made it necessary for American business to explain itself to a public which has been taught to be suspicious of explanations that come from business, but that facts about business can be made credible to a large proportion of the public if the facts are presented to small groups by spokesmen who are known and trusted by those groups.

This paper company feels that employers who respect and in turn are respected by their employees are the logical spokesmen to make the facts about business credible to their employees.

The bulletins are designed to describe the American business system, telling how businesses are built and how they are operated, and to define the position that business occupies in American life.

Sheathing—To meet the critical lumber shortage the United States Gypsum Company has developed a sheathing with an asphalted-gypsum weather-proof core.

The material was proved by tests to be highly resistant to water absorption, test panels absorbing only 3.4 per cent by weight after being subjected to 165 inches of simulated rainfall, exceeding



Eight man hours are sufficient to sheathe an average size small house such as this with the new United States Gypsum Company product.



OUR OFFICES IN TIENTSIN, SHANGHAI, HONG KONG ARE

Vital Links for Chinese-American Trade

When, several months ago, THE CHASE BANK reopened its offices in Shanghai, Hong Kong and Tientsin, it again provided American business with banking facilities to expedite and widen the flow of commerce between this nation and China.

These Chase branches are keys to the development of trade with China—a country where approximately one-fifth of the world's population lives.

Chase Foreign Department officers in New

York are in constant communication with these Far-Eastern offices and therefore can supply current information on markets and conditions to executives of American business firms.

It is believed that tomorrow's trade with China will be substantially larger than in prewar years. Enterprising manufacturers and merchants who desire to take full advantage of the opportunities presented will find the Chase a willing and helpful business ally.

You are invited to send for our Folder "Import and Exchange Regulations of the principal countries of the World."

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

HEAD OFFICE: Pine Street corner of Nassau

Member Federal Deposit Insurance Corporation

LONDON—6 Lombard Street • 51 Berkeley Square • Bush House, Aldwych
Havana • San Juan • Panama • Colon • Cristobal • Balboa • Offices of Representatives: Mexico City • Bombay
THE CHASE BANK, Shanghai • Hong Kong • Tientsin • Paris

大通銀行



Foreign Trade

—Its Place in
Your Business Plans

The possibilities for development of profitable export and import business are being widely explored, not only by companies desiring to expand foreign operations but also by many not heretofore engaged in this field.

The Foreign Department of this Bank has exceptional facilities for the handling of every type of banking transaction for international trade.

In addition, we regard as an important function of our Foreign Department its service in furnishing customers and others with up-to-date information regarding financing, exchange, foreign exchange restrictions, economic conditions, and methods of procedure.

We invite your inquiries as to how we may assist in specific problems arising in foreign trade.

Guaranty Trust Company of New York

Capital Funds, \$314,000,000

140 Broadway
New York 15

Fifth Ave. at 44th St.
New York 18

Madison Ave. at 60th St.
New York 21

To be opened: 40 Rockefeller Plaza, New York 20

LONDON PARIS BRUSSELS

Member Federal Deposit Insurance Corporation

anything which sheathing would be subjected to on the job.

One man can handle the sheets easily. Edges are tongue-and-grooved for wind-tight fit and strength. Only four nails per stud are needed under wood siding or stucco. It is not necessary to saw this material: all the workman needs to do is to score it and snap the unit to fit. Building paper is not required. Besides the asphalted-gypsum core a special water-resistant treatment is used on the face and back of each sheathing unit.

Test of a Secretary—A simple check list applicable to any secretary which quickly reveals to the person taking mental stock whether they are of unusual calibre or whether they need further study is presented by Wilson & Company, Inc., meat packers, in its monthly house organ, *Certified News*.

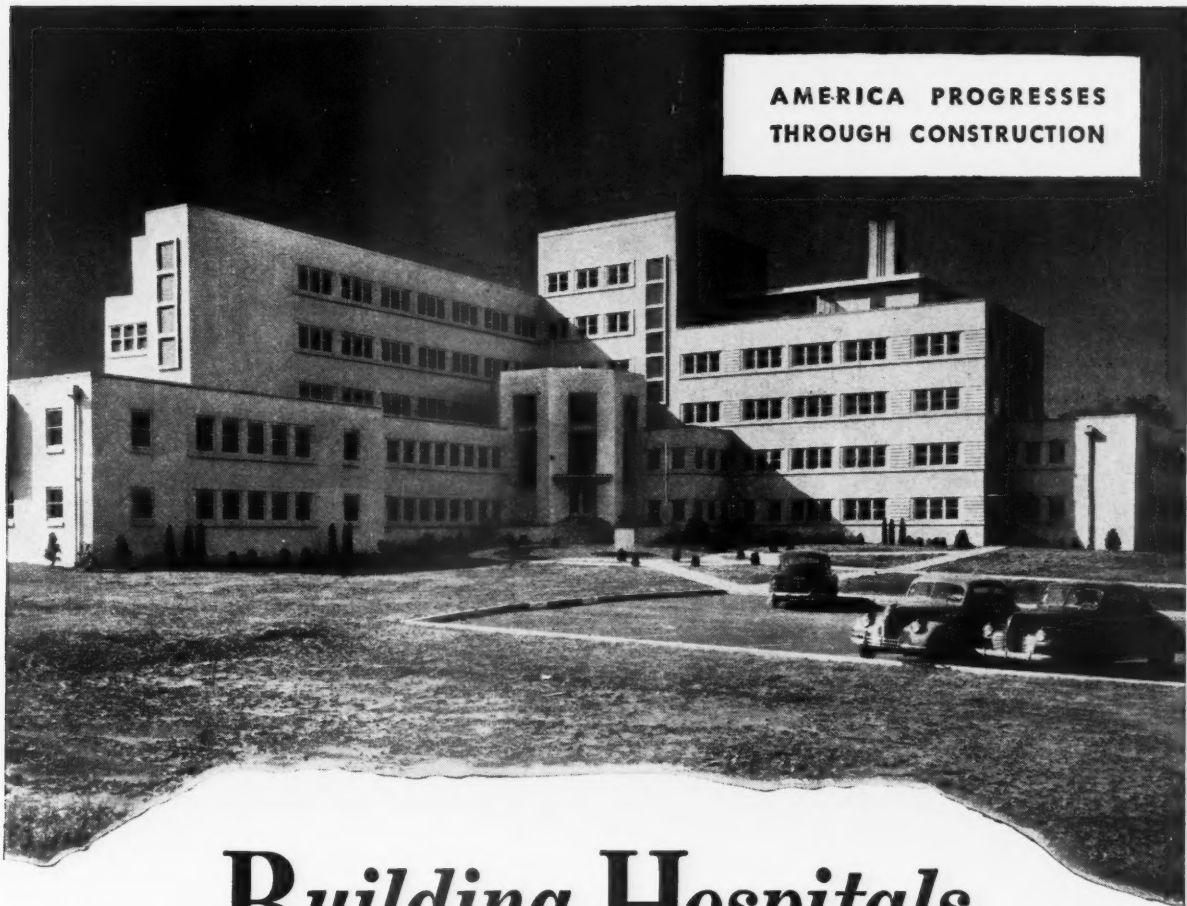
The check list comprises thirteen questions, each with several subdivisions. Tallying is based on a point system, 120 points indicating that one is a super-secretary, 107 that they are good but not superior, 96 that they are better than average, 82 that they have lots of competition, and 70 that they had better study.

The test concerns whether one is well dressed, pleasant in manner, wary in revealing company business, adept in relieving one's superior of detail and successful in protecting him from unnecessary interruptions, pleasant to work with, shows initiative in an emergency and alertness in preventing errors, has telephone charm, reports to work on time and is willing to work late, takes supplementary courses and continually improves their knowledge of the business, is a good office house-keeper, shows loyalty to one's superior, and produces letters which are a work of art.

Food Conservation—Taking an active part in co-operating with President Truman's Famine Emergency Committee by reducing food waste are the cafeterias of the two Philadelphia plants of SKF Industries, Inc.

The firm has asked the 2,400 employees who daily eat in the cafeteria of its larger plant and those who eat in the smaller cafeteria to practise voluntary food conservation both at work

AMERICA PROGRESSES
THROUGH CONSTRUCTION



Building Hospitals

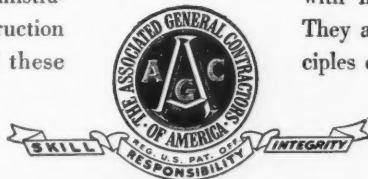
BUILDS WEALTH THROUGH HEALTH

THIS country needs from 1500 to 2000 new civilian hospitals and 2700 health centers, the U. S. Public Health Service reports. This need is emphasized because approximately 1200 counties, with a population of about 15,000,000 have no hospitals within their boundaries. The cost of supplying these National health needs would amount to more than \$2,000,000,000

In addition, the Veterans' Administration program calls for the construction of 77 new hospitals. The cost of these

hospitals, together with additions and improvements to the 106 existing veterans' institutions, will be \$448,000,000.

These civilian and veteran hospital facilities deserve the best in planning and execution. A. G. C. contractors have the skill, integrity and responsibility to construct these health projects of highest quality with maximum efficiency and economy. They are pledged to sound business principles exemplified by the A.G.C. emblem.



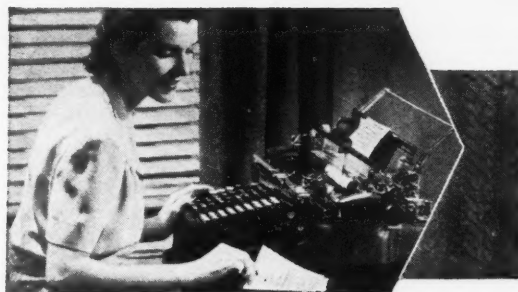
This advertisement is No. 6 of this series

THE ASSOCIATED GENERAL CONTRACTORS of AMERICA, INC.

More Than Ninety Branches and Chapters Throughout America
National Headquarters — Munsey Building, Washington 4, D. C.

SKILL, INTEGRITY AND RESPONSIBILITY IN CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS, AIRPORTS AND PUBLIC WORKS

1 Accounting



Speed up your handling of these 3 basic

2 Transmitting Information



3 Record Keeping



THERE WAS A TIME when the basic routines of accounting, transmitting information, and keeping records were time-consuming, costly operations for banks. But no more . . .

Now most leading banks use Recordak, the photographic machine that pioneered the application of modern microfilming to business systems.



With it, banks have simplified and speeded book-keeping procedures . . . eliminated much expensive duplication. With it, they transmit checks for collection faster, cheaper, and with the complete protection photographic methods alone provide. With it, they have developed Recordak record-keeping systems which are the last word in safety, convenience of operation and reference, economy of space.

Recordak has speeded up these routines for in-

dustry, too . . . for retail selling, transportation, and many other fields.

As a result, Recordak-equipped manufacturers now record payrolls, time cards, orders faster . . . keep records safer . . . reduce filing space 98%. Recordak-equipped department stores make collections and adjustments quicker . . . with fewer customer misunderstandings and complaints. Recordak-equipped railroads now handle waybills with the lightning speed yardmen want, and the photographic accuracy and completeness traffic men need.

RECORDAK

the photographic business machine . . . basic as the typewriter  . . . adding machine 



routines with **RECORDAK**...

the photographic business machine



Find out what Recordak can do to improve your routine operations. You'll get many good ideas about what Recordak can do to help you from our interesting, new book, "50 Billion Records Can't Be Wrong." It explains what Recordak microfilming is... how it works... what it is doing for other leading companies... how surprisingly little it costs. This book is free. Write for it.

RECORDAK CORPORATION
Subsidiary of Eastman Kodak Company
350 Madison Avenue, New York 17, N. Y.

... duplicating machine 

MAIL THIS COUPON FOR FREE BOOK

RECORDAK CORPORATION
350 Madison Avenue, New York 17, New York

Please send your new book on Recordak
 —"50 Billion Records Can't Be Wrong."

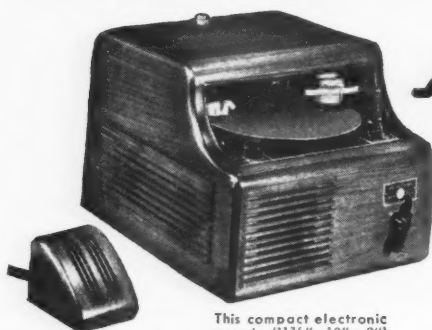
Name

Firm

Street

City State

HERE IS THE MOST REVOLUTIONARY BUSINESS AID SINCE THE TYPEWRITER



This microphone placed on your desk picks up your voice, leaves your hands free.

This compact electronic recorder (11¾" x 10" x 8") records your voice on flexible disc with live-voice clarity.

SOUND SCRIBER

Trade Mark

ELECTRONIC DICTATING EQUIPMENT

Takes dictation and repeats it to your secretary

- MORE CLEARLY
- MORE EASILY
- AT LOWER COST

1. You speak into an inconspicuous microphone. Set it on your desk or hold it in your hand. You are not tied down to the machine. It even records your office conferences, and does a swell job of authorized telephone recordings.

2. Electronic transcription gives natural voice reproduction. Secretary hears exactly what you say. No hisses, no mumbling, no mushiness. Easy on your secretary's nerves.

3. No annoying headphones necessary. Soft speaker at secretary's side projects your dictation in natural voice, yet does not disturb others.

4. Your dictation permanently recorded on wafer-thin, flexible, non-breakable, inexpensive, plastic discs. Can be mailed in an envelope. Can be filed like a letter.

5. No "processing" equipment needed. No record storage or breakage. The SoundScriber system insures absolute simplicity.

6. Costs less to buy and less to operate than other types of office dictating systems—and does a better job.

SoundScriber electronic dictating equipment helps you get things done at top speed and efficiency, at lower cost. Secretaries praise it.

THOUSANDS IN USE—THOUSANDS OF USES

Typical case histories of thousands of SoundScriber users read like fiction. The efficiency, versatility and simplicity of the SoundScriber makes it a valuable business tool in any office. Get all the facts now on how SoundScriber can save you time and money.

SOUND SCRIBER

Copyright 1946
The SoundScriber Corp.

FIRST electronic dictating system **FIRST** in disc dictation
FIRST in cutting dictating costs

The SOUNDSCRIBER CORPORATION, Dept. D-5, New Haven 11, Conn.
Send sample SoundScriber disc, and full information.

NAME _____ TITLE _____

COMPANY _____

ADDRESS _____



The SoundScriber story fills a book—well worth reading. Write for it now.

and at home. Slides projected on screens above serving counters call attention to the suggestions of the Famine Emergency Committee on ways to avoid food waste while enjoying well balanced meals.

Food economies practised in the SKF cafeterias included the broiling of practically all meat and fowl products, the re-use of fats and cooking oils, and the substitution of boiled dressings for those containing oils. Fats such as suet and trimmings are rendered into frying fats.

A spot check by the cafeteria manager showed that waste of bread was negligible and that many employees take less than the individual allotments of bread.

Mortgages—A mortgage simplification form which not only is suitable for current needs but which will save a vast amount of paper work when the flood of applications starts as building materials and labor become available, has been developed by a New York savings bank.

The bank had observed that every time someone wanted to purchase real estate from it; every time someone wanted to apply for a new mortgage; and every time that someone wanted to extend or alter a mortgage, every pertinent detail of every proposal had to be typed. All constant information had to be retyped for each and every proposed deal, the repetitive typing

[illegible]

The mortgage review after it has been filled in by typewriter on a master sheet.

T'AIN'T FUNNY, MR. HIGBY

WHEN IT HAPPENS ON YOUR FLOORS



When a comedian takes a slapstick tumble, you get a hearty laugh. But when someone slips on your floors, you get a high-priced headache. There's nothing humorous about the high indemnity costs, the absent workers or slow-motion loss of efficiency resulting from slippery floors. There are no laughs in lowered morale, or the loss of prestige caused by faulty floor conditions. And it's sad but true that the incorrect maintenance of your floors frequently continues... until investigated by top management officials.

That's what Mr. Higby found when he personally investigated. He discovered that he was *paying* for modern, efficient, non-slip floor maintenance—and not *getting* it! Mr. Higby's story makes interesting business reading. It is told in a meaty little book called, "Mr. Higby Learned About Floor Safety the Hard Way" which also tells how to make walkways safe, improve floor appearance and at the same time actually *reduce* maintenance costs. Your free copy is waiting—send the coupon right now.



PIN TO YOUR LETTERHEAD

and mail for complete information

WALTER G. LEGGE CO., INC.

11 W. 42nd St., New York (18), N. Y.

360 N. Michigan Ave., Chicago 1, Ill.

Branch Offices in Principal Cities
Gentlemen: Please send your free book,
"Mr. Higby learned about Floor Safety the
Hard Way."



DB-5

Attention of _____ Title _____

For fast corrective action, dictate a note to us stating approximate area and types of flooring. Describe briefly maintenance methods now employed and add particulars about any specific slip hazards encountered on your premises.

CHAIRMEN PRESIDENTS DIRECTORS

Postwar business prosperity depends on consumption, not production. Advertising and marketing need your personal interest. You will be informed and stimulated every week by

TIDE

THE NEWSMAGAZINE
OF ADVERTISING,
MARKETING AND
PUBLIC RELATIONS

\$5 a year

232 MADISON AVE.
NEW YORK 16, N. Y.

Send for a sample today! Just have your secretary fill out this coupon.

—SAMPLE COPY COUPON—

TIDE, 232 Madison Ave., N.Y.C. 16

I'd like to look over a copy of TIDE. Please send me a sample copy at no obligation whatsoever.

NAME.....

TITLE.....

COMPANY.....

STREET ADDRESS.....

CITY.....ZONE.....

STATE.....

not only being time-consuming but expensive.

The bank therefore decided to install a duplicating system which would eliminate unnecessary repetitive typing, make proofreading and correcting a simple operation, and produce clean, easy to read black on white permanent copies of its real estate and mortgage records.

After consultation with the Addressograph-Multigraph Sales Agency the bank designed two simple forms, an offer of purchase form and a mortgage review form, shown above. The forms, 8½ by 14 inches provide for all necessary information.

Process Control—Expediting industrial processing is an instrument which will multiply, divide, subtract, and add during processing and manufacturing operations. Known as an "industrial indexet" and adaptable to the chemical, petroleum, and related industries, this instrument is manufactured by the Brown Instrument Company, Philadelphia division of the Minneapolis-Honeywell Regulator Company.

Brown engineers describe the device as "a pneumatic receiver with two mechanisms, the multiplying and dividing adjustment, and an adjustment that adds and subtracts." Complete processing adjustments are at the finger tips of the operator and a process can be maintained without stoppage.

Aid to Salesmen—The directory for visiting salesmen issued by the McBee Company, Athens, Ohio, while not original, is perhaps one of the most complete of its kind. Entitled "The Key to McBee," this 5½ by 8½-inch, 16-page pamphlet concisely lists: name and title of key personnel, company products, what the firm buys, the history of the company, high spots of interest in the community, and local hotels, theaters, restaurants, and sports as well as routes and distances to other cities, railroads, and bus lines.

The heading on the inside front cover is designed to set a salesman at ease by asserting "We like visitors." The text continues to say "Maybe we don't go so far as rolling out the royal rug, but we are genuinely glad to see you. Our success depends just as much on buying right as on selling right. Often



FOR BEST RESULTS APPLY AHREND

Ahrend direct advertising is designed not only to get your "foot in the door", but to assure you a "friendly reception" — and to produce the results that count!

Ask one of our qualified account executives to show you samples of many successful mailings and campaigns created for Ahrend clients. No obligation for consultation in the New York Metropolitan area. Call Murray Hill 4-3411 or write today.

AHREND CLIENTS HAVE WON
SIXTEEN NATIONAL AWARDS
WITHIN THE PAST THREE YEARS

D. H. AHREND CO.

Creative Direct Advertising

325 to 333 East 44th Street
New York 17, N. Y.
MURRAY HILL 4-3411



Thousands of companies use Kardex "Fact-Power" to spotlight sales and market facts that executives need for profit-building decisions.



The "Fact-Power" of Dexigraph makes field contacts faster and simpler by reproducing sales data with photographic speed and accuracy.

To ensure profitable sales
... use all this



FACT-POWER



There is real "Fact-Power" in effective filing systems and convenient Safe-File protection for sales contracts and essential records.



The "Fact-Power" built into new flat-opening expansible catalog binders is point-of-sale help for field organizations and customers.

● Lower distribution costs mean higher profits. Prepare now for the coming years, when your sales organization will require all the "Fact-Power" at its command to produce satisfactory volume economically.

All through your sales department are vital record-keeping points that *should* provide this "Fact-Power." Properly organized as to equipment and method, they can furnish sales management with the means of accurate day-to-day *control*, in addition to the summary data needed for successful long-range *planning*.

The full use of Remington Rand facilities

can help you visualize the vital facts of customer and market activities and reduce time and effort expended in directing salesmen profitably. With this "Fact-Power" new models or lines can be established faster, territories realigned, and returning veterans brought into full production at the lowest possible cost.

Our recently published 96-page brochure "Graph-A-Matic Control for Sales Management" covers in valuable detail the methods used to generate "Fact-Power" within successful sales organizations. Ask our nearest Branch Office for a copy—or write to us.



SYSTEMS DIVISION

Remington Rand

315 Fourth Avenue
New York 10, N. Y.



*in letterhead
paper*

THE WATERMARK
IS YOUR
quality guarantee

• Yes, here's your guide to buying prestige-building letterhead paper.

You'll be safe if the watermark reveals the answers to these three questions because the finest papers are made from cotton fibres . . . the more cotton fibre, the finer the paper. Finally, it should reveal who made it . . . like Fox River, who has been making fine cotton fibre papers since 1883.

For instance, our English Bond is watermarked as illustrated. It's a beautiful paper for letterheads, forms, envelopes and any business contact papers or outgoing mail.

Ask your printer, lithographer or engraver about Fox River papers. He'll be glad to recommend the paper with the correct cotton fibre content for each business need.



BE SURE
IT SAYS
3 THINGS

- 1 Does It Contain Cotton Fibre?
- 2 How Much Cotton Fibre?
- 3 Who Made It?



25% TO 100% COTTON FIBRE
BOND, LEDGER, ONION SKIN

FOX RIVER PAPER CORPORATION

402-E So. Appleton Street

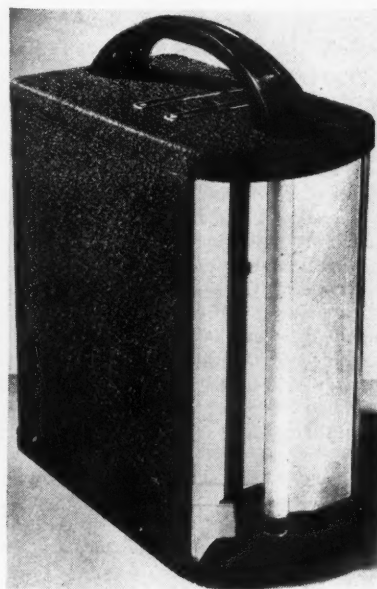
Appleton, Wisconsin

you bring us news of materials and methods that will help us improve our operations. We do not for one moment forget that while you are calling on us, McBee representatives are calling on other companies—perhaps your own. You are entitled to as fair a hearing as we would want for them."

Wiring—The printing of electric circuits is a new technique in circuit wiring, pioneered by the Central Division of Globe Union, Inc., Milwaukee. This technique, which permits the production of miniature forms at high speed without errors in wiring, may be widely used in miniature radios, hearing aids, and electronic control circuits. It consists of printing the wiring, using silver paint, onto a chassis of steatite, spraying resistor material onto the plate, and soldering small disk-like capacitors to the plate. A carbon and resin mixture is used for the resistors and masks are used in positioning the sprayed material.

Fluorescent Light—A portable fluorescent light for emergency and other uses in urban and rural homes, factories, and hospitals as well as for motorists and for sports such as camping, bathing, and fishing is being marketed by Paramount Industries, Inc., New York.

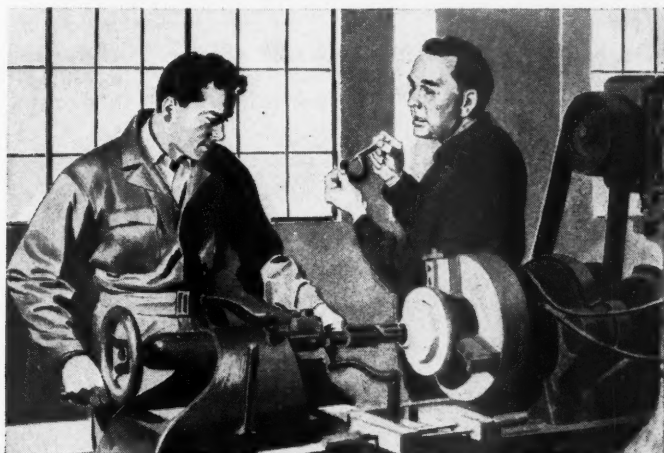
The light, which weighs but seven pounds including batteries, is enclosed in a steel case and has a plastic handle. The dimensions are 11 by 8¼ by 4½



The right Employee Benefit Plan pays Employers dividends, too!



BETTER EMPLOYEE MORALE and more friendly personnel relations are inherent in a sound employee benefit plan.



BETTER PRODUCTION. Improved quality and volume often result from an intelligent employee benefit plan.



LOYALTY AND DEPENDABILITY are promoted by the adoption of an up-to-date employee benefit plan.

That is why so many progressive companies today are consulting with the
Bank of Manhattan

IF you are considering a Pension Program, a Deferred Profit-Sharing Plan—or a combination of both for your employees—you will want to make certain that your plan best meets your specific needs.

The Bank of the Manhattan Company cordially invites you to consult the officers of its Trust Department. They will be glad to advise with you and to give you the benefit of their experience in setting up and managing an employee benefit plan.



**Bank of the
Manhattan Company**

40 Wall Street, New York 15, N. Y.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Ferreting out Fraud... in fiction!



In the old-fashioned melodrama, the accountant was the man who came in once a year, poked around the papers, eagle-eyed the books, detected the defalcation and put the finger on the petty thief... enmeshed the embezzler, called the cops and sent him on his way to stripes.

Far less spectacular than this prototype in fiction, the modern accounting firm has more scope and range... with many years of experience in varied industries... serves business not once per year

but every business day. And as the professional consultant to business and industry, the accountant works from known facts, interprets them, knows why sales slipped and bank borrowing increased... suggests resultful remedies. For effective sleuthing, the data detective needs facts, and fresh facts.

McBEE is not an accounting firm...but our products and methods plus forty years of experience...aid the accountant by making all business facts available faster.



THE McBEE COMPANY

SOLE MANUFACTURERS OF KEYSORT

295 Madison Avenue, New York 17, N. Y... Offices in principal cities

inches. Standard B batteries are used and will last approximately 30 hours while the 6-watt fluorescent tube has a life of approximately 1,000 hours.

The manufacturer points out that this is not a spotlight but a full flooding light which will illuminate every corner of a room, at 180 degrees without glare.

Foamed Plastic—So light that a woman can balance four cubic feet of the material on the finger tips of one hand, but of such strength that luggage built with it as a core will easily support a man's weight, a new foamed plastic has been developed by E. I. duPont de Nemours and Company.

This plastic, "cellular cellulose acetate," has such potential uses as cores in airplane floor panels, tail assemblies, and wing structures as well as in refrigerators, luggage, and sections of prefabricated houses. Lighter than cork, it combines insulation against heat and cold with structural strength when bonded between two sheets of metal, wood, or plastic.

The new product resulted from a chance observation in a duPont plastics plant. A cold slug of cellulose acetate, clogging in a molding machine, was heated so that it could be dislodged by the pressure of the ram. A multicellular form of the plastic then came from the machine. As the foamed material caught the imagination of the research staff, experimental work was started and many months were spent in development.

Production of the cellular cellulose acetate is accomplished by heating a mixture of cellulose acetate and other materials under pressure. When the pressure is released the material is foamed into a mass of bubbles of pin-point size. The substance becomes hard and rigid as it is chilled when it comes out of the machine.

Employment Guide—An example of what can be done to aid returning veterans, discharged war workers, and other persons seeking employment is the 64-page 5½ by 7½-inch booklet constituting an employment guide to jobs in New York City published by the Savings Banks of New York State. This was compiled by Martin W. Schaul, former chief of training, Corps

a \$9,000,000 unit

of Government-Owned Surplus

POWER SUPPLY AND RECTIFIER EQUIPMENT

312,000 K. W. DC • • Located at Maspeth, L. I., N. Y.

FOR QUICK SALE

**Made by General Electric, Westinghouse,
Allis-Chalmers and others.**

138,000 V. AC
60 cycle
and 33,000 V. AC
25 cycle

to
650 V. DC

**H. T. Switchgear, H. T. Transformers
Phase Shifting Transformers**

Rectifier Transformers

**5,000 Amp. Rectifiers, Control Board,
and all auxiliaries.**

This modern wartime installation, with acquisition cost of \$9,000,000 for equipment only, is offered for sale *as a unit* on a negotiated basis. Everything complete, except 21 of the 138,000 V. transformers are without coils and cores. Inspection may be arranged by appointment. Dismantling, packing, loading and shipping at purchaser's expense. Offers to purchase will be received now and until May 27, 1946, with the sale, if made, to be consummated within a reasonable time thereafter. War Assets Administration reserves the right to reject any or all offers to purchase and to extend the period of sale.

SEND FOR DESCRIPTIVE BOOK

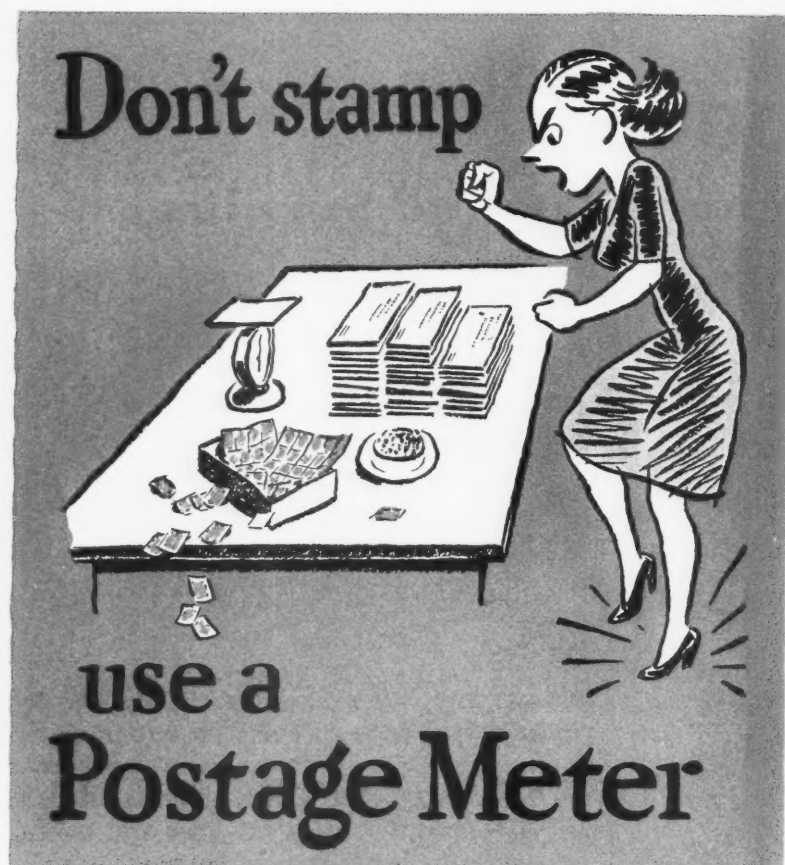
Details of the equipment, with illustrations, diagrams, conditions of sale, and other helpful material are contained in a book available upon request to War Assets Administration, 70 Pine Street, New York 5, N. Y. (Telephone Hanover 2-2000, Extension 460) or to any of the other Regional Offices listed below. Ask for "Power Supply and Rectifier Installation, Maspeth, N. Y." book of specifications.

WAR ASSETS ADMINISTRATION

**OFFICES LISTED BELOW ARE TEMPORARILY IN
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Offices located at: Atlanta • Birmingham • Boston • Charlotte • Chicago • Cleveland • Dallas • Denver • Detroit • Helena • Houston • Jacksonville
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No need of stamps or slow, messy stamp-sticking—when you have a postage meter. You *print* the postage you need, for any kind of mail, directly on the envelope; and the meter seals the flap *at the same time*. Holds any amount of postage you want to buy at one time—always safe from waste, loss or theft. Provides for parcel post by printing postage on tape... Quick, convenient, efficient—and used for years in thousands of modern offices...



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PITNEY-BOWES, INC., 1503 Pacific St., Stamford, Conn.
Originators of Metered Mail. Largest makers of postage meters
Offices in principal cities. IN CANADA: Canadian Postage Meters, Ltd.

of Engineers, War Department, North Atlantic Division.

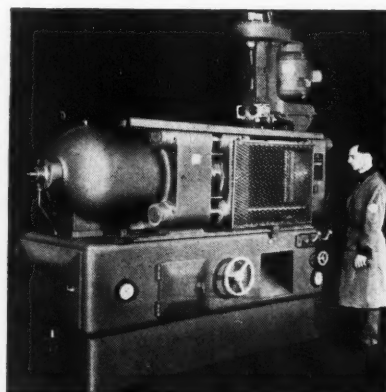
The brochure's ten chapters cover every phase of job-seeking from analysis of the individual's abilities and aptitudes through a complete listing with addresses of the agencies and centers available for employment and guidance.

Information is included as to age, sex, and experience needed for many types of jobs. Districts are named where different industries are centered. Those who are handicapped are informed as to the best ways to find a job. One chapter is given over entirely to services for veterans.

While the initial booklet, free at all savings banks, is principally for those living in New York City, a similar edition is being prepared for upstate New York embracing the Buffalo, Rochester, Syracuse, Utica-Rome, Albany-Troy-Schenectady, and Binghamton-Johnson City-Endicott areas.

Molding Rubber—A new method of production molding of natural and synthetic rubber is announced by the Hydraulic Press Manufacturing Company, Mount Gilead, Ohio. The machine, known as the "Turbojector," by means of a motor-driven screw injects rubber into a hydraulically clamped mold, the entire cycle being automatic.

The unit is entirely self-contained, the base embodying the pumps and valves for controlling all hydraulic actions. It is designed to mold a wide variety of mechanical parts such as "O" ring gaskets, rubber bushings, and automobile motor mountings. Advantages claimed are rapidity of curing time, reduction of finishing operations to a minimum due to the elimination of flash, and large capacity. Experi-





The United States Rubber Company writes its nation-wide salary payroll on *National's*

With its thousands of salaried employees spread through most of the States of the Union, the United States Rubber Company faced a complex payroll problem. After careful consideration a centralized system was set up in the New York office using National payroll machines.

For some time now, this unit has been writing and distributing the thousands of United States Rubber Company's weekly, semi-monthly, and monthly salary checks. The National payroll machines not only make possible the speedy and efficient preparation and distribution of salary checks, but also collect and record the necessary tax figures. In addition, tax reports are prepared with these same machines.

National payroll systems produce a

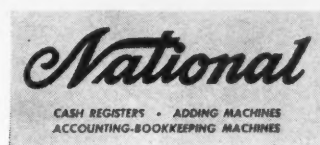
payroll check which shows in printed figures the gross amount of pay, specific amount of each deduction, and net amount of check. They also produce a complete payroll summary and a detailed employees' earning record with the same printed data showing currently to date figures for tax purposes. On industrial payrolls, National machines can be used for distribution of labor costs by department and job.

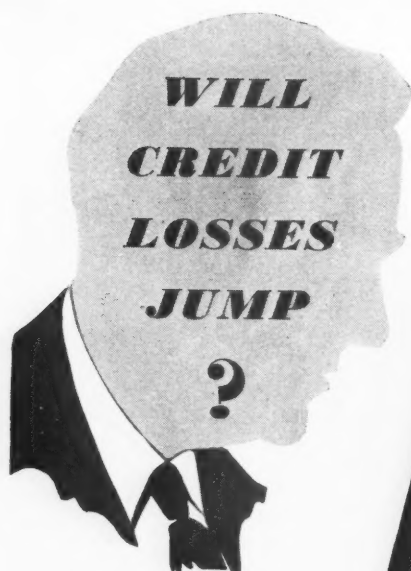
There is a National accounting machine for every plan of industrial payroll accounting—large or small—and for all types of accounting in other businesses as well. Let a National representative examine your needs and make recommendations, without cost or obligation to you. The National Cash Register Company, Dayton 9, Ohio. Offices in principal cities.



National payroll machines in the New York office of the United States Rubber Company.

Making business easier for the American businessman





EVERY Executive
who ships on credit should read
this timely book NOW

DOES BUSINESS face another epidemic of failures and credit losses . . . as it did after World War I? No one knows . . . but there are steps you can take immediately to protect your own business.

Write today for a free copy of "CREDIT LOSS CONTROL" . . . a book that may mean the difference between profit and loss for your business . . . in the months and years of uncertainty and change that lie ahead.

This book shows how business failures multiplied after World War I . . . how the transition from a war-supported economy to peacetime competition wiped out many companies . . . how American Credit Insurance prevented disaster for many policyholders during that hectic period of strikes, inflation and readjustment.

The book presents actual cases to show some of the many things that can happen . . . to destroy a customer's ability to pay . . . during the 30-60-90 days AFTER goods are shipped.

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If ever there was a time when you needed the facts in this book, it is now. Without obligation, write today for a copy of "CREDIT LOSS CONTROL" to American Credit Indemnity Company of New York, Dept. 50, First National Bank Building, Baltimore 2, Maryland.

J. T. McFadden
 PRESIDENT



American
Credit Insurance
pays you when
your customers can't

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

mentally, the machine has molded up to eight pounds of rubber per "shot."

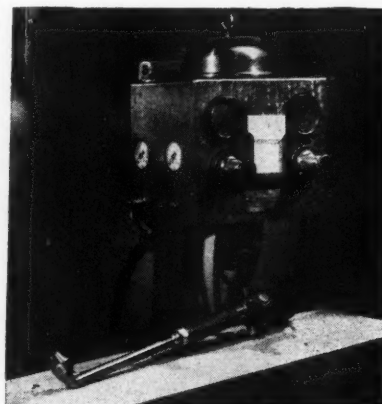
The driving mechanism of the injection unit is a ten-horsepower four-speed motor and train of gears directly connected to the injection screw. The rubber in strip, pellets, ribbon, or rod form is fed into the injection chamber by the feed screw. As the rubber advances the feed screw meshes with a set of especially designed, free-running baffle gears which act as pressure locks. The action of the screw and baffle gears forces the rubber into the nozzle.

The temperature of the rubber is raised as high as 300 degrees Fahrenheit by the frictional heat produced in the injection chamber. An electrical resistance band heater brings additional heat to the nozzle. The pre-heating accounts for the rapid curing cycles obtained.

Welding—A new method of welding, brazing, or surfacing with a wide variety of powdered materials is presented in a tool manufactured by the Powder Weld Company, Brooklyn.

As no separate rod or flux is required, welding is a one-handed operation with "Powder Weld." Composition of powdered or finely divided metals, together with suitable fluxes, are projected through the flame cone onto the work surface. Fuel gas, oxygen, and a processing gas are used together to provide temperature control. Utilizing fuel gas and oxygen the torch also can be used with the conventional welding rod or wire, but eliminating separate flux application, this being deposited in powdered form through the flame.

The equipment consists of a torch with a special nozzle and 16 indepen-



Announcing

WORLD REPORT

[A Pre-Publication Announcement and Special Invitation to Readers of *Dun's Review*]



Momentous days lie ahead. The shooting part of World War II is ended.

But have we in the United States the will and the determination to follow through on the course to which the War committed us, now that War's unifying influence is gone?

How far will Soviet Russia go in her efforts to expand her political empire through use of the technique she tested out in Iran?

How long will the secret of the atomic bomb insure the good behavior of other nations? What happens when this period of grace runs out?

Which way will Latin America go—a realistic Latin America which has already seen how our internal dissension has slowed the flow of goods to her markets?

How long can democratic England hold out against the world tides of rival ideologies?

For those thinking people who see the real significance of America's new position in world affairs, for those thinking people who realize our responsibility and recognize our opportunity, for those who really want to know what is going on beyond our own boundaries, **WORLD REPORT** is to be published.

WORLD REPORT, a new weekly magazine—the only one of its kind—will be devoted exclusively to reporting, analyzing and forecasting the news of *international* affairs. **WORLD REPORT** is dedicated to a greater America through fuller understanding of world events, world problems, world opportunities.



Every weekly issue will "brief" you on the business, economic and political outlook for the world as a whole, and for important nations in particular.

Special studies—none of them over two pages in length—will give you crystal-clear insight into situations of major importance—whether they be the world plans of Russia, the struggle for foreign oil or rubber sources, trouble in Latin America or the Balkans, England's fight against her decline in power, or our opportunities for trade in Europe or the Far East.

Each issue will be liberally illustrated with pictures and maps which so often tell the story better than words. Unique pictograms will help you grasp the significance of major trends at a glance. **WORLD REPORT** will contain information of great value to those who intend to travel or do business in other countries.

WORLD REPORT will be published by the same organization which now publishes the authoritative, analytical news magazine, *The United States News*, covering domestic affairs.

The coupon below entitles you to a Charter Subscription to **WORLD REPORT** at the special Founders' Rate, \$4 for fifty-two issues, with the understanding that there will be no charge if the first few weekly issues do not please you. Returning this coupon promptly will ensure your receipt of Volume I, Number 1, as soon as it is off the press.



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IT'S hard to beat a Milwaukee Road train for comfort and satisfaction. Consider a few of the many advantages of travel on the Speedlined HIAWATHAS.

Complete facilities—Step into the celebrated Tip Top Tap for a sandwich or beverage. Appetizing dining car meals at low cost.

Room to move around—you get not just a deep-seated reclining chair, but a whole car—or train—to stroll through. Roomy lounges; clean, well-equipped wash rooms.

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Weatherproof reliability—storms hold no discomfort, fog doesn't delay. You get there *on time* on the HIAWATHAS.

Speed with economy—your trip on the HIAWATHAS starts and ends at downtown stations, you travel at high speeds, yet round trip coach fares are less than two cents a mile.

We're still busy carrying veterans home, but there'll be room for you on one of the HIAWATHAS. See your nearest railroad ticket agent for friendly travel counsel.

F. N. Hicks, Passenger Traffic Manager, Chicago

THE MILWAUKEE ROAD

THE HIAWATHAS: CHICAGO {Milwaukee—La Crosse—St. Paul—Minneapolis
Des Moines—Omaha—Sioux City—Sioux Falls

DEAR BOSS:

Dear Boss:

Your last "carpet session" still tingles. Your admonition to keep on our toes has me all jipped up.

I'm writing this in my room at the Waldorf—and note please, that it is coming air mail. This hotel provides SKY-RITE air mail envelopes for its patrons.

What with this rapid drift toward air this—and air that, we had better get behind air mail or we'll get left behind.

And say, Boss, my mail will be coming to you thick and fast. Thick with orders and fast by air mail.

As Aunt Emma would say, why not get in touch with this SKY-RITE outfit and get a line on their products.

Honestly,

Spence A. Count

(SKY-RITE PAPER AND ENVELOPES)

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dent controls, many of them at the handle; a control box with air and gas pressure regulating valves; and a canister from which powdered materials are fed through the flames.

Advantages claimed are precise control of the amount of flux to be used; of the amount of mixture used, per minute or per inch of weld or braze; control at the torch handle of the flame temperature and atmosphere; accurate control of the temperature of the metal, alloy, or other material projected, and control of the temperature of the work surface.

Marker—Steel parts or tools are permanently engraved with legible type-written names, part numbers, and other data by means of an etching marker manufactured by Nagle Brothers, Chicago Heights, Ill.

The set comprises a rectifier power kit, a pad-roller electrode, connecting cord, tips and clips, stencil paper, conditioner, and electrolytic chemicals. One hundred and ten volt, single phase, alternating current is used.

Titanium—In its own right as a strong, light metal, wide use may be made of titanium as the result of methods which were developed by the United States Bureau of Mines which enables the extraction of a relatively pure ductile metal from the natural ores.

Titanium is a component of various compounds and alloys such as ferro-carbon-titanium, which is used in the steel industry, and titanite, which is an aluminum-manganese-titanium alloy.

The new process consists of the reduction of titanium tetrachloride by the more active metal, magnesium, the reaction occurring at a temperature of about 800 degrees Centigrade. Upon cooling the mixture of titanium, magnesium chloride, an unreacted magnesium is crushed and leached. The resulting granular titanium then is ground wet, re-leached to remove the magnesium, dried, and consolidated by a special arc process or by powder methods.

Undergoing a pressure of 100 tons per square inch the titanium powder is compacted into small pellets and heat-treated or sintered in a high vacuum at 1,000 degrees Centigrade.

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



Condensed Statement of Condition as of March 31, 1946 Including Domestic and Foreign Branches

(In Dollars Only—Cents Omitted)

ASSETS

Cash and Due from Banks and Bankers.....	\$ 995,920,778
United States Government Obligations (Direct or Fully Guaranteed).....	2,577,056,576
Obligations of Other Federal Agencies.....	33,463,116
State and Municipal Securities.....	181,278,463
Other Securities.....	102,673,022
Loans, Discounts, and Bankers' Acceptances...	1,290,314,552
Real Estate Loans and Securities.....	6,019,663
Customers' Liability for Acceptances.....	5,917,953
Stock in Federal Reserve Bank.....	6,600,000
Ownership of International Banking Corporation.....	7,000,000
Bank Premises.....	29,840,407
Items in Transit with Branches.....	8,029,189
Other Assets.....	4,101,969
Total.....	\$5,248,215,688

LIABILITIES

Deposits.....	\$4,948,852,510
(Includes United States War Loan Deposit \$1,001,642,473)	
Liability on Acceptances and Bills.....	\$15,882,732
Less: Own Acceptances in Portfolio.....	6,069,779
	9,812,953
Reserves for:	
Unearned Discount and Other Unearned Income.....	2,411,424
Interest, Taxes, Other Accrued Expenses, etc.	30,821,686
Dividend.....	2,325,000
Capital.....	\$77,500,000
Surplus.....	142,500,000
Undivided Profits.....	33,992,115
Total.....	\$5,248,215,688

Figures of Foreign Branches are included as of March 25, 1946, except those of the Shanghai and Tientsin Branches which are as of March 7, 1946 and of the Tokyo and Dairen Branches which are prior to the outbreak of the War, but less reserves.

\$1,220,227,485 of United States Government Obligations and \$16,470,568 of other assets are deposited to secure \$1,183,278,698 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

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A new cable service between New York and London
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*Contract Timed Service (CTS) provides a direct connection from customer to customer, with charges based on time.

EFFECTIVE May 3, 1946

2. REDUCED CABLE PRESS RATES*

New York to London; from 5¢ to 3¢ per word.
Washington, D. C. to London: from 6¢ to 4¢ per word.

*The lowest press rates per word offered by any commercial carrier.

EFFECTIVE April 29, 1946

3. REDUCED COMMERCIAL RATES*

(Cable and Radiotelegraph)

New York gateway rates will apply from any place in the United States to any place in Great Britain and Ireland.

*Lowest commercial rates of any carrier from the United States to Great Britain and Ireland. (By absorbing the domestic land-line charge in the United States, ACR System is offering the same rates from all points in the United States as now apply from New York City.)

EFFECTIVE April 29, 1946



AMERICAN CABLE & RADIO CORPORATION

American Cable & Radio System

THE COMMERCIAL CABLE COMPANY
MACKAY RADIO AND TELEGRAPH COMPANY, (INC.)
ALL AMERICA CABLES AND RADIO, INC.

67 Broad Street, New York 4, N. Y.

FINANCIAL AIDS

(Continued from page 20)

profits in 1946 exceed the excess profits credit, they are not subject to excess profits tax. But if 1946 profits fall below the excess profits credit, the excess of the credit over 1946 profits may be carried back to the two preceding years as an unused profits credit. This is not the case, however, with unused excess profits credit for years after 1946. Consequently, businesses should try to get as much of their reconversion costs into 1945 and 1946 as is possible.

Emergency Facilities Claims

The last important provision in the 1945 Tax Adjustment Act, to improve the cash position of taxpayers, is the provision accelerating refunds because of increased amortization deduction with regard to "emergency facilities." During the war many businesses acquired facilities to enable them to perform war contracts. These facilities were called "emergency facilities" and taxpayers were given options to depreciate their cost over a 60 month period, the estimated length of the war, even though the facilities might last longer. With the end of the war in less than 60 months, taxpayers were permitted to depreciate the cost of "emergency facilities" over the holding period terminating with the end of the war, instead of over 60 months. In such instances, the tax for the taxable years affected, being all the taxable years for which amortization (depreciation) was deducted on the facility, may be recomputed on the basis of the cost of the facilities being spread over the shorter period. Since the depreciation deductions for those years will be increased taxpayers will be entitled to tax refunds.

Before the 1945 Tax Adjustment Act, there was no other provision for an amortization readjustment for tax recovery than the filing of a claim for refund. It would take a long time under the present administrative process before the taxpayer would actually receive the cash refund which was based on the accelerated depreciation of "emergency facilities." But under the new law the cash position of a business in the process of reconversion is improved by provision for filing of an application

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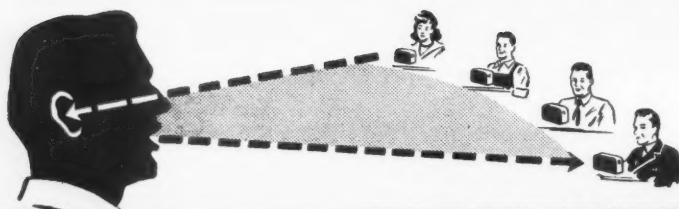
Payrolls, stock records, budgetary accounting, billing, purchase and payment records, accounts receivable, account analysis—whatever the job, whatever the size of the operation—there is a Burroughs machine to do the work in less time, with less effort, at lower cost. The broad range of figuring, accounting, statistical and cash handling machines developed by Burroughs gives both the small and the large business enterprise the utmost flexibility in setting up efficient, low-cost office routines and procedures . . . is just one of many reasons why you see Burroughs machines wherever you go.

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The office of the Atlantic Refining Company, Philadelphia, pictured above, is typical of thousands of offices that depend on Burroughs machines for fast, accurate handling of all types of accounting work.



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a perfected product of the world's largest exclusive manufacturer of inter-communication, "Has Everything" . . . ultra modern styling, unrivalled convenience, unmatched efficiency. There's a unit expertly engineered to meet **your** requirements. See your jobber or write for catalog. Keep your organization within hearing and speaking range at a cost of **only a few pennies a month**. Address Dept. B.



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HEAD OFFICE—MONTREAL

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Resources exceed
\$2,000,000,000

for "tentative adjustment" of the taxes on the basis of accelerated depreciation of "emergency facilities" and for the disposition of such applications by the Commissioner within 90 days after they are filed.

We see, then, that the present tax law goes a long way in improving the liquid position of a business. For this reason, each business should be scrutinized individually to determine the extent to which it may properly take advantage of the tax laws. Let it not be assumed that this article suggests or encourages spending merely because there are tax offsets. Do not spend to a point where spending cannot be curtailed when competition again becomes severe but rather spend sufficiently in 1946 to benefit later years. In many cases the unfortunate cash position of a business may well be the result of a failure to appreciate adequately the various rules and relief provisions which now exist in the Federal income tax law.

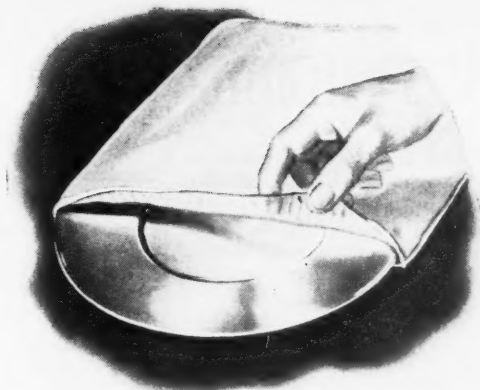
Let this article at least invite closer examination of operations on the part of businesses to see how best they can improve their cash position in reconversion under the present tax laws, and it will more than have served its purpose.

GOLD

(Continued from page 24)

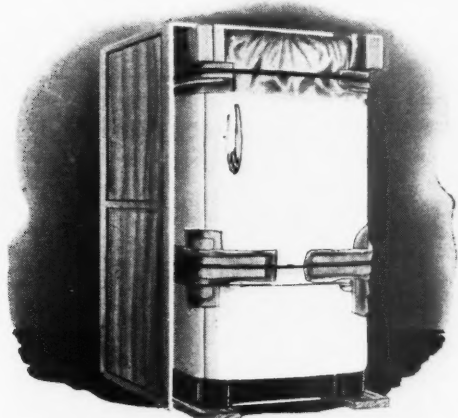
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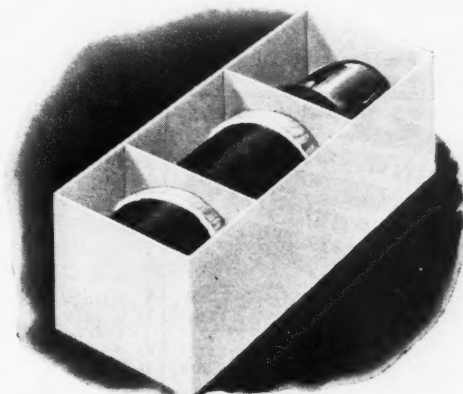
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currencies for gold at the legal ratio.

Thus the Fund retains in approximation the machinery of the gold standard with the supplemental feature that the function of equilibrating the balance of payments on current account is performed not only by gold movements between countries but by movements of currency between individual countries and the Fund. Under an unmodified gold standard, countries could run behind in their current accounts to the extent of their disposable gold reserves plus the amount that their nationals were able to borrow on short term.

The Fund superimposes on this mechanism a provision which amounts to permitting all countries to ship their own currency in settlement of deficiencies in the trade balance, up to a specified limit, without risking a mark-down of the value of the currency in the foreign exchange markets.

Currency Market Supported

The Fund in effect supports the market for each currency by giving for it any other currency, without lowering its price when supply exceeds demand. When it becomes impossible for the Fund to meet the demand for some particular currency, the situation is normally to be met, not by price adjustments, but by rationing the scarce currency. The method is analogous to that used in distributing scarce commodities in this and other countries during the war. When the supply of currency offered for shoes was in excess of the supply of shoes, the situation was met, not by raising the dollar price of shoes, in other words reducing the "shoe price" of dollars, but by rationing the scarce commodity at a fixed par of exchange.

The effect of the introduction of the Fund is the same as if, under the gold standard, about 2¾ billion dollars of gold had suddenly been added to the world's gold reserves in the form of an international pool to be drawn upon by the various countries in accordance with their needs to ship gold abroad, up to quotas depending on their respective national resources.

The real break with the gold standard tradition is not in the supply of an additional quota of paper reserve for international transactions to serve as a buffer against gold deficiencies. A

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close equivalent of the same thing was done repeatedly in gold standard days by lowering the gold reserve requirements of a country or substituting paper for gold in circulation in order to obtain gold for international shipment. Exchange markets were often supported by central banks of stronger countries, and in the early thirties by the Bank of International Settlements.

The real break is the abandonment of the tradition that any downward change in the gold redemption ratio of a country's currency is a breach of faith with holders of the country's money, and an evidence of unsound financial management. The new plan provides that each country shall be the judge of its own need to change the gold parity of its currency up to 10 per cent, and permits further changes with various restrictions with the permission of the Fund. Thus we have a compromise between the complete rigidity of parities under the gold standard and the complete autonomy of each country under the fluctuating paper standards of 1931 to 1936.

Exchange Valuation Policies

The situation is much more like that which prevailed between the leading countries under the Tripartite Agreement, which recognized a legitimate interest of each country in the exchange valuation policies of each other country. The Fund formalizes the principles of the Tripartite Agreement, makes them much more broadly applicable, and works out their consequences in much greater detail, but the basic compromise is the same.

It is obvious that gold is not essential to the working of an international managed currency system and could be dispensed with if it were not for the vested interests of holders of gold and owners of gold mines, without drastic changes in the plan of the Fund. All international exchange transactions could be effected in the exchange markets of the world with balancing transactions at the Fund, without any gold at all, or with the use of gold limited to the provision of a common denominator for which purpose "pounds," "dollars," or "simoleons" would serve just as well.

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fers from the gold standard as it developed through informal modifications and treaty arrangements between the two wars less than the latter system differed from a primitive gold standard in which the value of money depended on the value for non-monetary uses of the amount of metal contained in a standard coin. Long ago the monetary use of gold came to dominate the market to such an extent that the value of gold depended on the dollar and the pound more than the value of the dollar and the pound depended on that of gold.

Government Backing

In the end the value of any currency depends on the willingness and ability of the government which stands back of it to pursue fiscal and credit policies which will maintain but not unduly appreciate the value of its money. By sufficiently drastic curtailment of supply, the value of the money unit can always be increased, and vice versa. Maintenance of stable exchanges in the end depends in the new system just as it did in the interwar system on the ability of the treasury or central bank in each country to take the necessary measures to correct an excess of deficiency in the supply of money before the disturbance reaches the point of destroying exchange stability.

The necessary measures are precisely the same whether the limit of elasticity in the balance of payments is set by a gold reserve or by a quota at the I.M.F. All that the Fund does is to increase somewhat and to equalize the depth of the cushion that protects the monetary system from shocks that originate in the fluctuations of international trade and international finance, which in turn depend in large part on the fluctuations in the internal value of the currencies.

Under the new system it will be true, as it was before the war, that a prolonged outflow of means of payment is a symptom of an excessive volume of means of payment at home as compared with the supply in other countries. Purchase of foreign currencies from the Fund and moderate devaluations of the exchange may carry a country over a temporary deficiency of foreign exchange, but just as was the case under the old gold standard, who-



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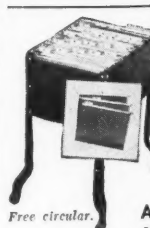
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ever uses these devices is drawing on a limited resource. When the resources are exhausted—by exhaustion of quota and by devaluation up to the limit which public policy at home and abroad deems tolerable—the course of inflationary expansion (meaning more inflationary than that of the rest of the world) must be checked.

As to the monetary market for gold, the gold-mining industry apparently has little cause for concern. It is true that the monetary policies of the world are now largely controlled by persons who regard the traditional reliance on gold reserves and gold redemption to maintain the value of currency as outgrown superstitions. Nevertheless, it has not been seriously suggested in the whole course of the discussion of plans of international monetary stabilization that gold should be demonetized, or its price lowered, or its use as a denominator of value curtailed.

Protect Monetary Market

Gold balances have retained their independent position alongside the credit quotas in the Fund, not because they fit well into the scheme, but presumably in order to protect the interests of gold producers and the holders of gold balances. Obviously it would be inequitable as well as politically impossible to deprive gold of its present monetary market without compensating private holders of gold, in the countries where private ownership of it is still permitted, and without subsidizing the transition of specialized gold-mining areas to some other way of life. In view, however, of the fact that the gold-mining industry is concentrated in the United States, in the British Empire, and in Russia, the chance of anything being done internationally to disturb the economic status of gold producers is very remote.

Some light on the situation may be drawn from the case of silver. It is now more than 60 years since silver performed in any leading Western country any monetary function except for subsidiary coinage, for which copper, nickel, and aluminum serve just as well. Yet the silver industry of the world has been strong enough to keep silver in use for subsidiary coinage and to assure the silver industry, not only of the United States but of foreign

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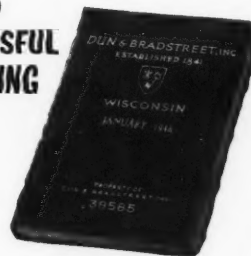
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* * *

Yes, Mr. Employer! Many returning veterans *will* be capable of holding better jobs than their old ones! They're broadened in education and experience! Thousands have advanced their educations in study courses offered by "USAFI" (U. S. Armed Forces Institute). They're older, more mature! Ready and *able* to take on greater responsibilities!

Furthermore, they're twice as aware of what the American economic system is all about. After all, they fought hard to preserve the American way of life, of which this system is an integral part. So they're more inclined to work hard, to do a good job of selling themselves.

They *expect* to have to compete for success. They *don't* expect the Government to "Carry" them.

No matter whether you employ two men or ten thousand, start thinking now how you can use this new maturity, this added drive, to your *mutual* advantage. Analyze the jobs performed in your business. Be ready to give this type of veteran a better job immediately . . . or his old job, plus additional training wherever necessary, to enable him to move to a *better* job as soon as possible.



Remember this Emblem! It stands for honorable service to our Country.

This advertisement published in cooperation with the War Advertising Council by DUN'S REVIEW.

**YOUR
INVENTORY**

+

**OUR
WAREHOUSE
RECEIPTS**

=

**A
BANK
LOAN**

Read how it's done—by Douglas-Guardian—without moving inventory off your premises.

Any inventory that is marketable is acceptable as security. The amount you borrow is limited only by the value of your inventory.

**SEND FOR THIS
BOOKLET**

**DOUGLAS-GUARDIAN
WAREHOUSE CORPORATION**

50 Broad Street
New York, N.Y.

DR-5-46

I'm interested in a bank loan on inventory. Please send me a copy of PROFITS ON YOUR PREMISES.

Name _____

Address _____

countries, a guaranteed market far greater than that which results from the use of silver as coin.

Finally, a word may be said about the risk factor in the shift from gold balances to credit balances at the Fund. Superficially it may appear dangerous to rely on the discretion of managers of a fund and on the various national currencies to uphold the value and stabilize the ratios between various national currencies by managerial activity. I agree that the substitution of discretionary management for automatic control by the gold position probably will be for the worse more often than for the better.

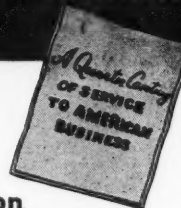
Nationalized Control

The difference is not as great, however, as it appears to be. Unless we go very far back for a comparison, the principal difference is not in the degree of discretion permitted, but in the fact that the control is somewhat more nationalized—less international—than it was before. The cushion between national policy and international control is thicker. But so far as credit *versus* gold is concerned, a gold transaction really involves credit almost as much as does a deal financed through the Fund. Gold received on balance by one country does not add anything to the productive resources or consumable goods of that country. It is simply a demand claim on the economy of the rest of the world, a claim which can be realized piecemeal only on the condition that no attempt is made to realize it wholesale. The same thing is true of any other form of money.

In the end it is the moderation, discretion, and efficiency of the technicians, policy-making officials, and legislators of the leading countries that determine whether the money—gold or paper—of the world shall maintain or lose its value.

The greatest change is in the prevailing code of ethics rather than in the economic structure. It is no longer bad form for a country, especially a minor country, to depreciate its currency—moderately and not too often. Under the gold standard it was possible for it to do the same thing by debasing the coin but the prevailing code of ethics regarded such transactions as dishonorable in the extreme.

FREE to Executives!



**WRITE
for this
booklet on**

**BRC RESEARCH
SERVICES**

Find out today about the organization that for over a quarter of a century has specialized in applying scientific research methods to all types of business problems including—

- Reducing Production Costs
- Improving Employee Relations
- Increasing Sales
- Strengthening of Financial Controls

**BUSINESS RESEARCH
CORPORATION**

Established 1920

*Consulting Management
Engineers*

79 WEST MONROE STREET
CHICAGO 3, ILLINOIS

**Now! Get COPIES of
Anything, in a Jiffy!**

...Right in your own office! New low-cost, error-proof method saves time, typing, drafting and checking



Amazing New Unit—

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PHOTOEXACT**

Copies anything written, typed, printed, drawn, or photographed—even if on both sides!

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LETTERS, VALUABLE PAPERS, INVOICES, CHECKS, GRAPHS, STOCK REPORTS, RECORDS, CLIPPINGS, CONTRACTS (over 100 others)

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for this FREE book**

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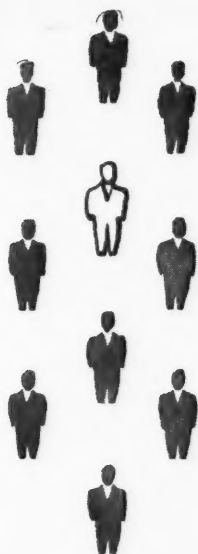
Send, without obligation, your 20-page illustrated book on Photocopying and its savings in time, money and labor.

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CITY & STATE _____





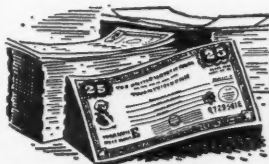
9 OUT OF 10

want

**THE PAYROLL SAVINGS PLAN
CONTINUED!**

Thanks to the cooperation and encouragement of America's industrial executives, 85 million bond holders have bought U.S. Bonds in the greatest savings program in history. Employees who have purchased billions of dollars of these bonds during the war now want to continue monthly purchases of savings bonds. Specific evidence of this desire to continue saving for personal security and prosperity through the Payroll Savings Plan was recently revealed by a survey which disclosed that 90% wanted the Plan continued.

Every employer can write in his own set of reasons why the Payroll Savings Plan should be continued as a part of his personnel relations program, but the principal advantages are obvious:



A large reservoir of national savings; a strong and stable bulwark against inflation.

An "automatic" thrift habit for the worker; to increase contentment and satisfaction in his job.



An opportunity for the employee to maintain his "share in America" with the safest, easiest, most profitable investment he can make.



An opportunity for the returned veteran to share in the Payroll Plan's varied benefits.



Your employees will require little "selling" on the idea—they are accustomed to their monthly saving habit. With the Treasury Department's savings bond program now in peacetime operation, your partnership is again invited to continue this systematic, convenient means of contribution to a prosperous peacetime future.

The Treasury Department acknowledges with appreciation the publication of this message by DUN'S REVIEW

STEP UP YOUR PAYROLL SAVINGS PLAN

This is an official U.S. Treasury advertisement prepared under the auspices of the Treasury Department and War Advertising Council

South Africa Calling

PREPARE FOR RECONVERSION PERIOD

THE UNDERMENTIONED TRADE REPRESENTATIVES AND TRADERS IN SOUTH AFRICA ARE INTERESTED IN DISTRIBUTING YOUR PRODUCTS.

P. O. address box number indicated by (B xxx) — — — (This is a paid advertisement)

CAPE TOWN, S. A.

STANDARD BANK OF SOUTH AFRICA LTD. All Banking Facilities throughout South, Southwest and East Africa, also Rhodesia. Market Research and Trading Contacts handled by Commercial Service Dept., Cape Town (B 40) through Bank's New York Agency, 67 Wall Street.

AFRICAN SHIPPING (Est. 1903) SHIPPING, CUSTOMS, INSURANCE & FINANCE BROKERS AND DISTRIBUTORS, BONDED WAREHOUSE PROPRIETORS, STEAMSHIP AGENTS. Cables everywhere "Afrianship." Cape Town (B 3046); Port Elizabeth (B 232); East London (B 4); Durban (B 19); Johannesburg (B 3634); Lourenco Marques (B 711); ENGLAND, London House, New London Street, London E.C. 3.

AFRIMERIC DISTRIBUTORS PTY. LTD., 133 Longmarket St. Manufacturers' Representatives. Textiles, softs, fancy goods, hardware. Branches throughout Union. Also Belgian Congo, Portuguese East Africa and Rhodesias.

H. G. BENJAMIN (B 2444). Sales organization covers S. Africa. Soft-goods, men's, ladies' and boys' underwear, textiles, haberdashery, householdware, electrical appliances, hardware, builders' materials: New York office "Colos" Int. Comp. 505 Fifth Ave.

J. BOCK & SON (B 2038). Branches Johannesburg, Durban, Port Elizabeth, Salisbury, S. Rhodesia. Textiles every description: leather and accessories for shoe industry, hardware, electrical goods, plastics.

DENT & GOODWIN CAPE PTY. LTD. (B 1446). Customs Clearing and Shipping Agents.

DUNAY G. F. (B 892). Manufacturers' Representative and Distributor. Sales organization covers Southern Africa. Engineering supplies, material and machinery; all requirements for building and allied trades; general hardware; industrial chemicals and adhesives; sundry supplies of motor trade and garage equipment; oilskins, rubber goods, plastics; ream, oil, and industrial separators.

INDUSTRIAL SUPPLY CO. PTY. LTD. (B 279). CHEMICALS AND INGREDIENTS FOR FOOD AND DRINK.

J. W. JAGGER & CO. PTY. LTD., 54-62 St. George St. General merchandise.

KEENE & CO. (B 2305). Also Johannesburg and Durban. **MANUFACTURERS' REPRESENTATIVES.** Representations particularly desired in plastics, household commodities, cotton and rayon textiles, toilet requisites and proprietary medicines, novelties, hardware.

SAM NEWMAN, LTD., 30 Burg St. Hardware, sanitary ware, tools, electrical, and household goods.

PENINSULA TRADING & CHEMICAL CO. PTY. LTD. (B 1826). Druggists' sundries, hardware, plastics and general merchandise.

L. F. RAE & SON (B 442). Foodstuffs, builders, household and electrical hardware, tools, plastics, chemicals.

L. RAPHAELY & SON (B 447). Branches throughout South Africa. Textiles, foodstuffs and all industrial requirements.

ROWLAND CHUTE & CO. LTD. (B 693). Plastics, chemicals, glass crockery, enamel, aluminum ware, builders' hardware, and raw materials.

SATCO PTY. LTD., 40 Loop St. Manufacturers' Representatives. Branches throughout South Africa and Rhodesia. All types of merchandise.

S. SLOVIN PTY. LTD. (Late Sonvil Pty. Ltd.) (B 2396). Ladies' and men's hosiery and underwear.

WM. SPILHAUS & CO. LTD. (B 113). Machinery, household appliances, radios, and silverware.

STUTTAFORD & CO. LTD. Department Stores Cape Town, Johannesburg, Durban. Buying office: Messrs. F. Lilienthal & Co., 33-39 West 34th St., New York.

STYLEWEAR DISTRIBUTORS PTY. LTD., 40 Loop St. Branches S. A., Rhodesia. Ladies' frocks, coats, costumes, underwear, children's wear, stockings, corsetry, gloves.

TRU PRODUCTS PTY. LTD. (B 1285). South Africa, South West Africa, Rhodesia. High class ladies', men's hosiery, gloves, corsetry, lingerie, cosmetics, rayon, cotton piece goods, knit sports, infants' wear, haberdashery. Buying office: Botzow, Inc., 82 Beaver St., New York.

UNITED AGENCIES (B 1568). Desire represent manufacturers children's wear, men's, ladies' underwear, sportswear, beachwear, hosiery. Branches throughout S. Africa.

DURBAN, S. A.

M. BEIT & CO. (B 2190). Associated offices in Johannesburg, Capetown, Port Elizabeth and Bloemfontein. Cosmetics, fancy goods, furnishings, textiles, hardware, leather goods, automotive spares and accessories, automotive equipment, and electrical fittings.

MONTAGUE BLUNT & CO. (B 2503). Seek direct Factory Representation. Interior decorations, plastics, indoor transport and similar lines; wrappers, packings, packages, etc.

CONSOLIDATED EQUIPMENT CO. (B 1165). Equipment for light and heavy construction, earth moving, materials handling, road making, agriculture, mining, industrial. Building supplies, domestic equipment and appliances. Machinery. Representatives chief business centres Southern Africa.

H.H.G. DEBRAU CO. (B 2477). Cosmetics, toilet requisites, chemists' sundries, fancy goods, proprietary medicines.

HAROLD J. DRINN PTY. LTD. (B 560). Mechanical and electrical supplies. Domestic and commercial electrical appliances. Power plants, switchgear, electric motors, cables, conduit and accessories.

HAVELOCK ELSLIE & CO. (B 2606). Factory representatives. Plastic products, hardware, kitchenware, aluminum ware, brushware, tools, toys, seafoods, breakfast cereals. Member A.M.R.A.

INDEPENDENT RETAILERS' ALLIANCE LTD. (B 321). Canned and breakfast foods, and household hardware.

LAGESSE & CO. (B 2607). Importers heavy chemicals, textiles, builders' hardware, floorings and ceilings exporters. Base minerals, wine and spirits.

E. WAYNMAN McKEOWN (B 1436). Food products and general merchandise.

PEYCKE & SAUNDERS LTD. (B 1993). Also at East London. Confectionery, food products, lampware, farm implements, bicycle accessories, household appliances, etc.

A. A. SAVAGE, 478 West St. Electrical domestic appliances. Motors and wiring equipment.

JOHANNESBURG, S. A.

ARGOSY IMPORTS PTY. LTD. (B 2452). Manufacturers' representatives for all types women's, men's and juvenile outerwear, underwear and footwear, hosiery, handbags, fancy goods, novelties and textiles.

ARMSTRONG LTD. (B 325). Also at Durban, Cape Town, Bulawayo. Specialists in builders' hardware. Sanitaryware and tools.

ASSOCIATED PROPRIETARY AGENCIES, LTD. (B 4247). Indent and distributing agents for toilet preparations.

AUTOMOBILE ELECTRIC SUPPLY LTD. (B 2964). Storage batteries, automobile and aircraft accessories and replacement parts.

HERBERT E. BOWEN—FRIENDLY ADVERTISING PTY. LTD. (B 3102). Exclusive sales South and Central Africa. Advertising specialties.

H. CANARD & CO. (B 8685). Also C. T. Reps. for S. A. Fancy goods, toys, haberdashery, toilet sundries, jewelry, glassware.

C.F.S. TRADING PTY. LTD. (B 5216). Glassware—domestic and packaging; hardware and kitchenware; packaging; essences; fancy goods, buttons, toys, kitchen articles, food products.

BARRY COLNE & CO. LTD. (B 4130). Machinery and engineering supplies. Foundry equipment and supplies.

Woodworking machinery and accessories. Mill supplies.

COMMODITY AGENCIES. (B 1711). Produce, industrial raw materials, timber.

HUBERT DAVIES & CO. (B 1386). Throughout Union, Rhodesia. Mechanical, electrical, civil engineering.

B. P. DAVIS, LTD. (B 3371). Representing Bauer & Black Chesebrough Manufacturing Co., American Chiclé Co., etc.

Members Johannesburg C. of C., A.M.R.A.

DOMESTIC & FOREIGN TRADE PTY. LTD., (102 Mool St.) Foodstuffs, groceries and delicacies.

DOMINION AGENCIES PTY. LTD. (B 4962). Tel. Add. "Resource." Engineering, electrical and domestic lines.

DRUGS & TOILETS PTY. LTD. (B 2801). Distributors of patent and proprietary medicines, druggist sundries, beauty products, all manufacturing done on premises. Branches at Cape Town, Durban, Port Elizabeth, East London, Salisbury and Bulawayo. All merchandise paid spot cash in New York.

D. DRURY & CO. PTY. LTD. (B 3929). Machine tools, small tools and engineering workshops equipment generally.

FILLERYS PTY. LTD. (B 6560). **SALES AGENTS.** 16 branches covering South Africa, South West Africa, Rhodesias, Belgian Congo, Madagascar, French Equatorial Africa, Portuguese East Africa.

FRENCH DISTRIBUTING CO. S.A. PTY. LTD. (B 6681). General Sales Agents and Importers. Pharmaceuticals, industrial chemicals, raw materials, toilet sundries, etc.

FURNITURE ENTERPRISES PTY. LTD., 156 Anderson St. Furnishing fabrics and materials. Linoleum squares and other furnishing lines.

GERALD S. GUNDLE. (B 5173). **ASSOCIATE OFFICES IN ALL COAST TOWNS & MAIN INLAND CENTRES UNION OF SOUTH AFRICA & RHODESIA.** Specialist sales organization equipped to handle furniture, rugs, carpets, lino, soft furnishings, furniture novelties, general utility householdware: hardware and tools and all requirements for building and plumbing trades. Apply Barclays Bank New York concerning ability create, maintain, foster sales and uphold factories' prestige.

HARRIS & JONES PTY. LTD. (B 32973). Transvaal Agents L. C. Smith and Corona typewriters. Interested in agencies for office machines, equipment and supplies.

S. HARTOGS PTY. LTD. (Grocery Division of Verrinder Ltd.) (B 4883). Also Cape Town, Durban, Port Elizabeth, East London, Bloemfontein, Kimberley, Bulawayo, Salisbury and N'dola. Proprietary grocery and confectionery goods and domestic hardware.

CONTINUED IN FIRST COLUMN ON NEXT PAGE→

HILL & MURRAY PTY. LTD. (B 3070). Proprietary medicines, toilets and cosmetics, grocery and household requisites. Ethical and professional products.

E. HOLDMANN & VIDAL (B 6111). Branches all principal towns in the Union and Rhodesia. Cotton piece goods and all other textiles, fancy goods, hardware, glassware, bazaar goods.

HOLLYWOOD DISTRIBUTORS PTY. LTD. (B 2597). Woolen, cotton and rayon piece goods, hosiery and underwear.

HOLTUNG, VAN MAASDYK PTY. LTD. (B 6511). Shop and office equipment, electrical goods. Industrial department associate offices Cape Town and Durban.

INDUSTRIAL TRADING CO. PTY. LTD. (B 9012). General Sales Agents throughout S. Africa want direct factory representations. Textiles every description, ladies' underwear, hosiery, hardware, glassware, food products, essences, building requisites, plastics, etc.

P. W. JENNINGS PTY. LTD. (B 3543). Also C. T. (B 198). Want direct factory rep. Branded textiles, women's underwear, hosiery, sportswear; fabrics for domestic factories, i.e., neckwear, clothing, underwear, swimsuits; plastic household utilities and fittings. Marketing branded lines, controlled distribution our specialty. Members A.M.R.A.

B. OWEN JONES LTD. (B 2933). Chemicals: heavy industrial, pharmaceutical, laboratory reagents; general laboratory supplies; optical, scientific, control, medical and surgical instruments; steel works and foundry supplies.

KEENE & CO. (B 2883). Also Cape Town and Durban. **MANUFACTURERS' REPRESENTATIVES** all types merchandise. Will be pleased to receive inquiries from American and Canadian manufacturers interested in export to South Africa and desirous Union-wide representation.

A. T. LAW & SON (B 5850). Hosiery, towels, ladies' footwear, men's and women's underwear, glassware and kitchenware.

LENNON LIMITED (B 928). Wholesale manufacturing and retail chemists and druggists. (Est. 1850). Branches throughout S. Africa and Rhodesia.

LENSVELT & CO. PTY. LTD. (B 2651). Cape Town, Durban, Port Elizabeth, East London, Kimberley, Bloemfontein, Pretoria, Windhoek, Bulawayo and Salisbury. Indent, distributing agents; stockists; sales, marketing specialists proprietary, pharmaceutical, chemist, grocery, stationery.

A. H. MARCUSON & CO. (B 5438). Est. since 1908 as Manufacturers' Representatives & Distributors. Branches throughout S. A. specializing textiles, hosiery, knitwear, household linens, furnishings.

MENTZ K. R. (B 6389). Men's wear, foodstuffs, rayon and cotton piece goods, textiles, furnishing fabrics, etc.

NEWTON'S AGENCIES PTY. LTD. (B 4616). Clothing, all kinds; textiles, headwear, domestic glassware, enamelware, handbags, fancy goods, cosmetics, food products, industrial chemicals, paper products.

H. POLLIACK & CO. LTD., INCORPORATING MACKAY BROS. LTD., MACKAY BROS. & McMAHON LTD. Cape

Town, Durban, Port Elizabeth, Pretoria: musical, electrical goods.

PROTEA DISTRIBUTORS PTY. LTD. (B 7793). Surgical, medical, hospital; pharmaceuticals, cosmetics, photographic supplies and equipment.

L. RAPIHAELY & SON (B 476). Textiles, foodstuffs, etc.

RAYMONT & BROWN PTY. LTD. (B 7524). Textiles, essences, split oak staves, chemicals, yarns and manufacturing supplies.

C. F. SHAW LTD. (B 4372). Factory reps., import, export agents, leading British, American, Canadian manufacturers. Branches or reps. in every British or French territory in Africa, India, Palestine, Middle East.

SILVERS MOTOR SUPPLIES PTY. LTD. (B 5988). Automobile parts, accessories, garage equipment, tools and machine tools.

SYDNEY SIPSER & CO. (B 6011). Ottawa House, President St. Also Cape Town (B 2391). Cable: "Gownsipser." Indent agent, distributors ladies' frocks, coats, sports and underwear, showroom goods, etc.

FRED C. SMOLLAN PTY. LTD. (B 3769). Raw materials, timber, building materials, hardware, window glass, upper leathers, upholstery leathers, chocolates, canned fish and food products.

SOUTH AFRICAN DRUGGISTS LTD. (B 5933). Wholesale chemists, manufacturing druggists, opticians, photographic dealers; fine, industrial, pharmaceutical chemicals.

L. SUZMAN LTD. (B 2188). Cigars, cigarettes, tobaccos, pipes, etc. **SUBSIDIARY COMPANIES** Confectionery, foods, toilet, stationery, fancy goods. Nine branches.

TAYLOR & HORNE, 176 Jeppe Street. Branches at Cape Town, Port Elizabeth, East London, Durban, Bloemfontein, Pretoria, Bulawayo and Salisbury. Dental sundries, toilet requisites, etc.

H. E. TEIFEL & CO. (B 9487). Industrial raw materials, paper and cardboard, cotton yarns, textiles, light and heavy chemicals, canned goods, manufactured products, steel and tinplate.

JOHN G. TRAIN & CO., 149 Commissioner St. Also Cape Town, Durban. Cotton and rayon textiles, yarns, hosiery, knitwear, fancy goods, foodstuffs, toys.

WESTDENE PRODUCTS PTY. LTD. (B 7710). Branches Cape Town, Durban, Bloemfontein, Port Elizabeth, Salisbury. 23 Essanby House, Jeppe St. Medical, surgical, hospital, toilet and fancy goods.

PORT ELIZABETH, S. A.

GILCHRIST'S ELECTRICAL STORES PTY. LTD., Main St. Electrical and radio equipment.

S. HALLIS & CO. PTY. LTD. (B 143). Cape Town, Durban, Johannesburg. Seeking agencies for picture frames, pottery, handbags, etc. Fancy goods all descriptions. Efficient representation assured.

E. J. NARRAMORE, 100 Main St. Builders' and domestic hardware, tools, ironmongery, sporting goods.

A. J. PDNEY & CO., Grace St. Hardware, agricultural seeds, paints, shoe factories and tanneries supplies and fruit trade requirements. Agents throughout S. Africa.

RHODESIA

AFRICAN COMMERCIAL CO. LTD. (B 1108). Salisbury, Nyasaland. Proprietary medicines, toilet and beauty preparations, groceries, confectionery, stationery, office equipment, textiles, men's, women's, children's clothing and footwear and fancy goods.

N'DOLA AGENCIES (B 128). N. Rhodesia, N'dola. Hardware, enamelware, dresses, foundation goods, general merchandise.

Do you desire NEW SALES OUTLETS or NEW SUPPLY SOURCES in CUBA or CANARY ISLANDS?

Let us help you get ready to take advantage of opportunities in these countries.

Our organization is fully equipped to act as

**IMPORTER EXPORTER
COMMISSION AGENT
DISTRIBUTOR REPRESENTATIVE**
in general lines.

Wire or write for complete information

ANDRES SUAREZ CABRERA

Concha 3-B

HAVANA, CUBA

Branch at: Lopez Botas 4, Las Palmas, Canary Islands

ROBIN LINE

FORTNIGHTLY AMERICAN FLAG SAILINGS TO
SOUTH AND EAST AFRICA
FREIGHT—PASSENGER—MAIL

Ports of Call

CAPE TOWN	PORT ELIZABETH	EAST LONDON
DURBAN	LOURENCO MARQUES	BEIRA
BASA	TANGA	ZANZIBAR
(Madagascar and Mauritius as Cargo Offers)		

S.S. FLYING ARROW

SAILING MAY 3

Loads Baltimore Apr. 22 Loads Philadelphia Apr. 23
TO CAPE TOWN, PORT ELIZABETH, EAST LONDON, DURBAN, LOURENCO MARQUES, PORT LOUIS AND TAMATAVE

S.S. ROBIN LOCKSLEY

SAILING MAY 10

Loads Baltimore Apr. 29 Loads Philadelphia Apr. 30
TO CAPE TOWN, PORT ELIZABETH, EAST LONDON, DURBAN, LOURENCO MARQUES, BEIRA, MOMBASA, TANGA, ZANZIBAR AND DAR-ES-SALAAM
Carries Refrigerator Cargo

A STEAMER

SAILING MAY 17

TO CAPE TOWN, PORT ELIZABETH, EAST LONDON, DURBAN, LOURENCO MARQUES AND BEIRA

SEAS SHIPPING COMPANY, Inc.

39 CORTLANDT ST., N. Y. 7 CORTLANDT 7-0040
Loading Berth, Pier 3, Erie Basin, Brooklyn. TRIangle 5-6851

"Holland Calling"

THE COMPANIES LISTED BELOW ARE SEEKING REPRESENTATION OF AMERICAN MANUFACTURERS IN HOLLAND FOR THE LINES LISTED. DIRECT ALL CORRESPONDENCE TO THESE CONCERNS AT ADDRESSES GIVEN. THIS IS A PAID ADVERTISEMENT.

N. V. BICKER & v. d. ROER, Sarpahatkade 4, Amsterdam. Importers and exporters of technical and chemical products.

CUPROFLEX N. V., P. O. Box 931, Amsterdam. Metal and wooden lighting fixtures, electrical apparatus and material, parchment and bladder lampshades.

JAN DON & CO., Vlaardingen. Cable address: Jadoco. Selected Holland herrings.

FENIA TRADING CO., The Hague. Paper and board, plywood, plastics, building material, asbestos, etc. Affiliate: B. Romeling's Woodagencies, lumber and veneer.

DE GROOT, Potterstraat 4, Utrecht (Holland). Import and export of ladies novelties.

HANDELSONDERNEMING BLIJDENSTEYN N.V. SINGEL 393, Amsterdam (Holland). Importers and agents in textiles, novelties, special piece goods, stockings, socks, underwear, shawls, baby goods, tablecovers, bathing goods, ladies and children's dresses.

P. HOPPE, P. 4 Schiedam (Holland). Distillers of the well known old Geneva "Night Cap" and Dutch liqueurs. Importers and agents demanded.

INTERNATIONALE HANDELSVEREENIGING, Amsterdam (Holland), Keizersgracht 431. Textiles of every description. Export.

KENNEMER HANDELSVENNOOTSCHAP SOOMERS & DE JONGE, Nwe. Keizersgracht 58, Amsterdam. Soap, cosmetics, perfumery, toilet articles, etc.

C. KORNAAFT'S HANDELSMAATSCHAPPIJ, Established 1775, Vlaardingen, (Holland). Export of salted and smoked herrings.

MICHEL WASFIGUREN EN INSTALLATIE MAGAZIJNEN, Huidekoperstraat 25-27, Amsterdam (Holland). Manufacturers and exporters of high class display mannequins in hardened composition with inserted natural hair.

E. OSTERMANN'S CHEMIEFAB, N. V., Keizersgracht 228, P. O. Box 657, Amsterdam. Import-export chemicals, pharmaceuticals, cosmetics. We invite correspondence from manufacturers in this line for representation Holland.

W. A. PESCH, JR., Kelleweg 22, Rotterdam. Importers of fish meal, meat meal, bone meal, vitamin oils, alfalfa, wheat and rice bran, cattle feed.

J. POLAK'S ENGROSHANDEL, Kloveburgwal 19, Amsterdam. Importers of woollens, silks, shawls, novelties, ladies' and children's dresses.

ROOS' TEXTILE IMPORT, O.Z. Acterburchwal 98, Amsterdam. Desire to represent manufacturers. Special sales organization equipped to handle rugs, carpets, lace curtains, underwear, hosiery, cotton piece goods, haberdashery.

RUBBERFABRIEK GLAZENER, Harderwijk (Holland). Manufacturers of dipped goods. Specialties surgical and pharmaceutical rubber articles.

DR. E. J. SWAAB'S VEREENIGDE FABRIEKEN, Groenburgwal 39-43, Amsterdam. Manufacturers of all cosmetic articles as well as perfums and lotions, French style, delivery exclusively for export, in bulk package destined for packers.

TRANSANDINE HANDEL MAATSCHAPPY, Amsterdam Heerengracht 106. Cable address: "Habiltas." Merchant bankers, members of the Amsterdam Stock Exchange.

C. VAN DER BURG & ZONEN, Vlaardingen. Exporters of selected Dutch herrings all over the world. Agents wanted. Manufacturers of wooden barrels of any capacity and also of staves, headings and hoops.

VAN PERLSTEIN & ROEPER BOSCH LTD., Heerengracht 440, Amsterdam, established 1873. Importers and representatives textiles every description, hardware, kitchenware, fancy goods, toilets, cosmetics, electric articles, tools, leather, crockery, glassware, plastics, furnishing lines, toys.

L. F. WILL & CO., Amsterdam. Cable address: Willchemie. Established 1924. Chemicals, solvents, plasticizers, pharmaceuticals. (Sister company in Brussels.)

BRITISH LOAN

(Continued from page 15)

and some other lands, such as Iraq and Iceland, pooled the dollars they received and a board in London allocated these dollars according to need. Some countries were allowed to spend more dollars than they earned; others were net contributors to the pool.

This arrangement has continued since the end of the war because the supply of dollars has continued to be short. The pool has not diminished the number of dollars spent for American exports by these countries as a group—they have been glad to spend all they could get. But in distinguishing between the purchases for which dollars may be spent and those which have to be made in "soft-currency areas," usually the United Kingdom, the pooling arrangement has prevented American exporters from selling particular goods to some countries in the group and has thrown the business to competitors within the pool. This was a legitimate method of husbanding dollars in critical times, but it is incompatible with the kind of trading world we are trying to establish and would no longer be justified in the light of the increased supply of dollars made available by the loan.

With a minor exception, the financial agreement provides, therefore, that within a year the sterling receipts of sterling area countries from current transactions "will be freely available for current transactions in any currency area without discrimination."

The financial agreement also provides for the removal of United Kingdom exchange controls, a very important step in the elimination of barriers to world trade. The British agree that as soon as the agreement becomes effective, they will impose no exchange controls on current transactions with the United States. Within a year, they further agree to eliminate exchange controls on current transactions with any country, save in specified exceptional circumstances.

To bring the loan agreement and the Bretton Woods agreement into full harmony, there is an important provision in the former whereby both countries agree that after a year has passed they will not take advantage of

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the section of the Bretton Woods agreement that permits exchange of the controls to be imposed on current transactions for a five-year transitional period. The reasoning behind this provision is that with increased dollars at their disposal, the British do not need to take advantage of the additional protection offered by the Bretton Woods agreement.

The last of the specific concessions contained in the financial agreement concerns quotas or other quantitative import restrictions. The agreement provides (with certain specific exceptions) that whenever quantitative restrictions are imposed, they shall not discriminate against the United States. In the light of the special problems of Britain's trade position in the next few years, the guarantee of equal treatment under quotas is of very substantial importance to American exports.

This review of provisions of the agreement referring to exchange and trade controls makes clear a point that has often been inadequately appreciated in discussions of the loan. The agreement itself contains important provisions affecting British policy that are of direct benefit to American trade and move us substantially in the direction of the kind of trading world we are trying to establish. These benefits are not problematical, or based on future negotiations, they are concrete and are integral parts of the financial agreement.

That answers part of the question, "What do we get out of it?"

Future Trade Policy

On the day the loan agreement was signed, the Secretary of State published *Proposals for Consideration by an International Conference on Trade and Employment*. This document states a detailed set of principles regarding foreign trade policy that, if adopted, would

THE BAROMETERS

The revised DUN'S REVIEW Regional Trade Barometers, including back figures, adjusted and unadjusted, together with additional information, are available in pamphlet form. The barometers, appearing in DUN'S REVIEW since 1936, measure consumer buying for 29 regions of the U. S. and for the country as a whole. They help sales executives to analyze sales, adjust quotas, and to check sales volume with total consumer expenditures.

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constitute a code of behavior for governments in this field. It suggests an International Trade Organization, under the United Nations Economic and Social Council, which would oversee the operation of the code, study international trade problems, and provide a forum for discussion purposes.

The *Proposals* have been circulated to other governments. Later this year a group of important trading nations will meet to discuss them. Subsequently there will be a larger international conference on trade and employment to be called by the Economic and Social Council in accordance with a resolution passed during its opening meeting in London. Here agreement will be sought on the kind of international arrangements recommended by the preliminary meeting.

If the international negotiations produce agreement essentially in accordance with the *Proposals*, we shall be farther advanced toward a liberal multilateral trading system than at any time during the interwar years. We shall have reduced many trade restrictions and discriminations, established procedures for dealing with international trade problems in a constructive way, and substituted principles and certainty for arbitrary action. These are our hopes toward which we shall work. The loan is an essential initial and major step in our progress.

Commercial Policy

Along with the agreement on the loan, the American and British negotiators reached an understanding on commercial policy. The joint statement by the two governments on this understanding contains the following significant language:

"Equally, the Government of the United Kingdom is in full agreement on all important points in these proposals and accepts them as a basis for international discussion; and it will, in common with the United States Government, use its best endeavors to bring such discussions to a successful conclusion, in the light of the views expressed by other countries."

Here we have a common front of the two greatest trading nations in the world on the principles according to which the forthcoming trade negotiations are to proceed. This is of the

greatest importance. Without British agreement there would be little hope of securing a multilateral agreement based on these principles. The loan makes British agreement possible by creating the conditions necessary for the British to follow a liberal trade policy.

Without the loan, the British would be obliged to discriminate against American products, both in the United Kingdom and as far as their trade and financial influence could run. They would be hard pressed for foreign exchange, as my review of the British balance of payments has shown. Hardest to get of all would be dollars and those available would have to be husbanded for the most essential uses. To expand British exports as far as possible they would have had to use their importing capacity as a bargaining weapon for the negotiation of bilateral trading agreements.

Impact of Trade Policies

The great importance of Britain to world trade means that a network of agreements centering in the United Kingdom, and the effects of that country's policies, would have a widespread impact on trade all over the world. The United States would suffer. We could retaliate, of course, by waging economic war, resorting to similar devices ourselves, and building up a trade and financial bloc in which our position was as dominant as Britain's in its area. We might, in that way, get more than by sitting still and deploring what went on, but we would get much less than if we are all intelligent in the first place and work together to solve these problems on a common basis.

With the loan, the British can work with us for the removal of trade barriers and the creation of a multilateral trading world that will benefit all countries. But the loan itself does not create those trading conditions. There are negotiations ahead. There is much hard work to be done. Every country will have its special problems and difficulties, as well as its expected gains to consider. But the loan greatly improves our chances. It is essential to British co-operation, and British co-operation is essential to success.

I think I have answered the ques-



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tions: "Why do the British need this money?" and "What do we get out of it?" The British need the money to tide them over the crucial period in rebuilding their economy. We benefit by British reconstruction, by changes in British exchange and trade policies connected with the loan, and by its creation of the conditions necessary for our success in establishing an intelligently arranged world economy of benefit to all.

In the light of this reasoning, I do not think it too much to say that the British loan is the greatest single factor thus far in the post-war foreign economic policy of the United States. Without it, things can only go badly. With it, we have a chance to make them go well.

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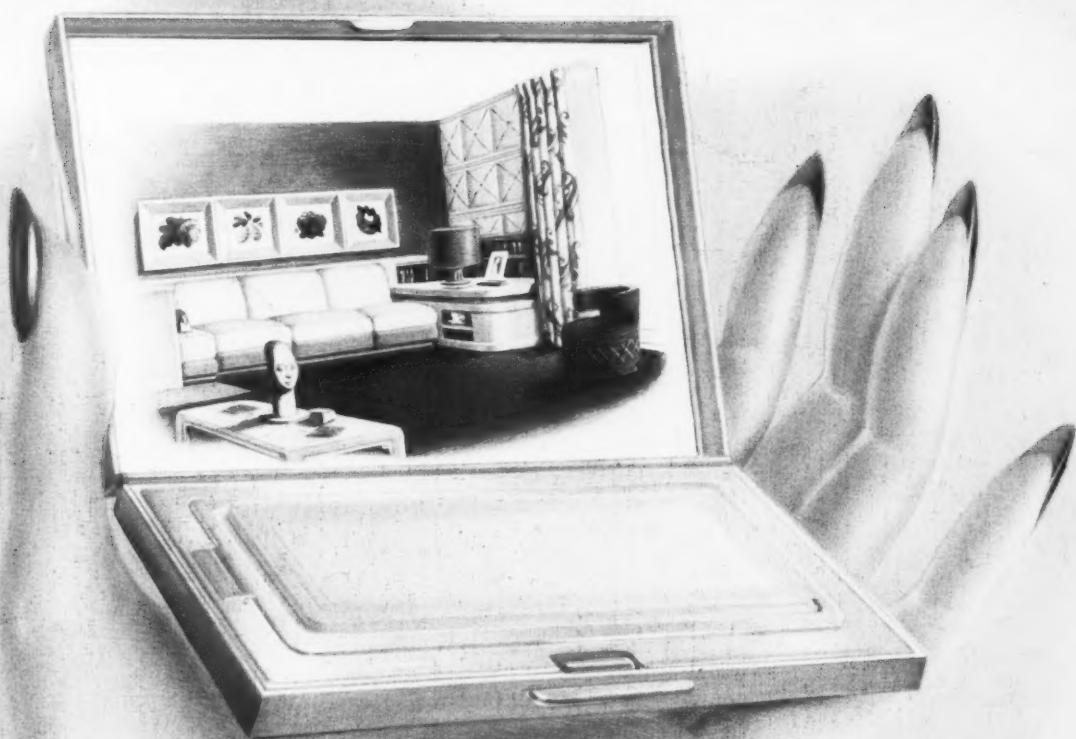
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